

# Community and Economic Development



***Mission:*** *To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of employment and housing opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings*

## ***Primary Partners***

Convention Facilities  
Economic Development  
Fire  
Housing  
Planning, Building & Code  
Enforcement  
Public Works  
Redevelopment Agency

## **CSA OUTCOMES**

- ☐ Strong Economic Base
- ☐ Safe, Healthy, Attractive, and Vital Community
- ☐ Diverse Range of Housing Options
- ☐ Range of Quality Events, Cultural Offerings, and Public Artworks

## ***Community and Economic Development***

### **Expected Service Delivery**

- ☐ Attract and retain companies that will create jobs and expand the tax base, with particular focus on clean technology and other emerging technology companies.
- ☐ Expand range of workforce programs and services available for workers displaced by the current recession through resources provided from the American Recovery and Reinvestment Act.
- ☐ Through arts and cultural development programs, maintain a culturally vibrant San José that results in economic prosperity, an attractively built environment, a creative workforce, an engaged community and enhanced cross-cultural understanding.
- ☐ Retain high quality land use development services for all customers.
- ☐ Provide excellent development review process customer service through the completion of policy and ordinance initiatives including the sign code update, Green Building policy and other ordinances directed by City Council.
- ☐ Complete the community based General Plan Update, including a draft of proposed goals and policies, performance measures, and sustainability indicators.
- ☐ Continue to provide financial assistance to individuals for home purchases and rehabilitations. While there will be a reduction in affordable housing production, due to economic and budget constraints, eight new projects are expected to be under construction in the coming year, providing hundreds of new construction and related jobs and pumping money into the local economy.
- ☐ Achieve success with Destination: Home, a partnership between local government and the non-profit/private sector to address homelessness by providing financial assistance and comprehensive services to the homeless and those at-risk in San José.
- ☐ Provide expedited plan review services for small- to medium-size businesses and increase staff capacity to handle projects going through the Special Tenant Improvement/Industrial Tool Installation (STI/ITI) plan review processes.

### **Impacts of Budget Actions**

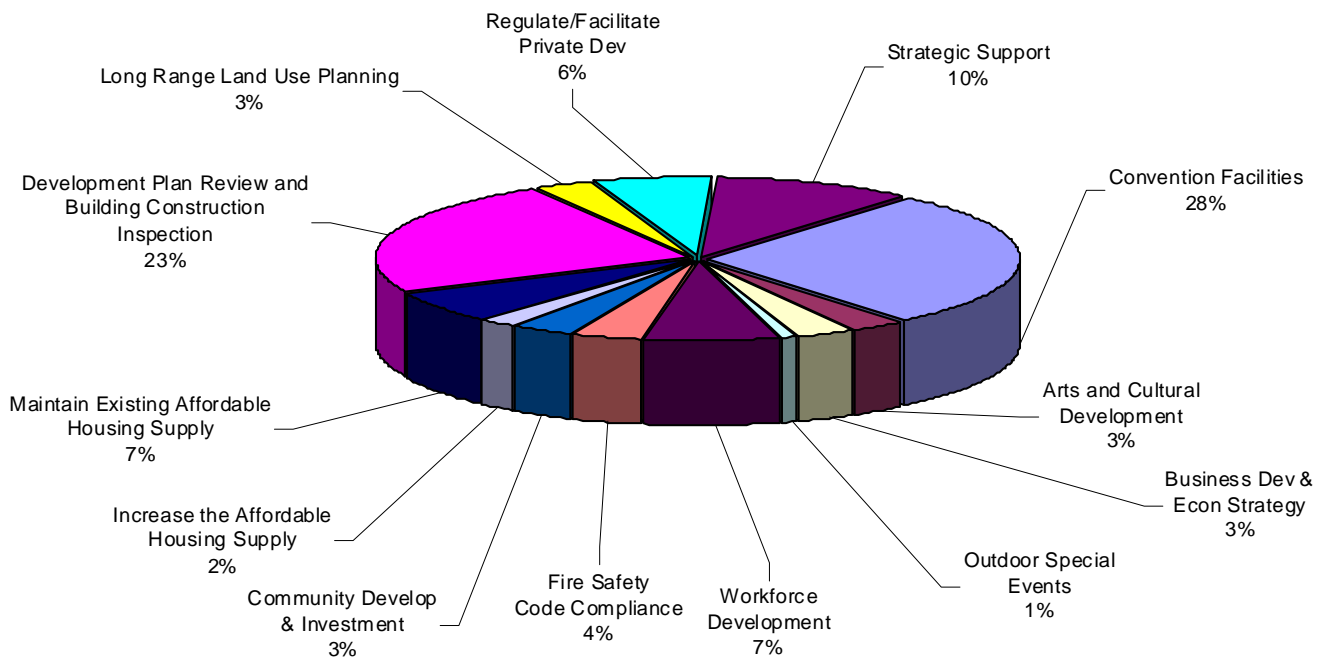
- ☐ Approved staffing reductions and consolidation of the Parks, Recreation and Neighborhood Services (PRNS) and Office of Cultural Affairs special events teams will require new event production models for key community and Downtown events, including increased leveraging of community partnerships.
- ☐ Significant Development Services position reductions were necessary in 2009 to balance staffing levels with decreased permitting and inspection activity; however, the addition of a third Express Plan Review line, included in this budget, will allow staff to process large and complicated projects on an expedited timeline.
- ☐ A second Special Tenant Improvements (STI)/Industrial Tool Installation (ITI) line will decrease the anticipated wait time to schedule STI/ITI services from three weeks to five working days, allowing staff to provide plan review and permitting services at the “speed of business”.
- ☐ Development Services saw an increase in small, residential projects in 2009 and more general inquiries were received than resources could support. Planning, Building and Code Enforcement’s Permit Center hourly rate increased from \$126 to \$160 (27%) to move toward full cost-recovery and ensure adequate staffing to meet customer demand.
- ☐ Consolidation of PBCE management and support functions led to increased cycle times for completion of contracts, payment of invoices, posting items on the City’s website, distribution of public notices, and other administrative functions, as well as reduced oversight of key initiatives.

## **Community and Economic Development (Cont'd.)**

### **Impacts of Budget Actions (Cont'd.)**

- ❑ Elimination of the Proactive Historic Preservation program will eliminate all non-fee funded Historic Preservation activity, ending resident assistance with the Mills Act Tax incentive and work on new Historic Landmarks not supported by fees. The Historic Landmarks Commission will meet only to provide input on fee-funded activities.
- ❑ A \$1 million reduction to the Housing Department administrative budget in the Low and Moderate Income Housing Fund will align with project funding and enable the Supplemental Educational Revenue Augmentation Fund (SERAF) payment.
- ❑ Due to expansion/renovation impacts, personnel cost increases, low Transient Occupancy Tax collections, and a significant decline in projected activity, Convention Facilities staffing levels are dramatically reduced in this budget. Reductions will help ensure the long term stability of the Convention and Cultural Affairs Fund.
- ❑ Additional funds from various federal sources, including federal stimulus funding, will be used to purchase properties in foreclosure, provide housing assistance to those at risk of homelessness, provide workforce training for adult and youth programs, and support clean tech job development.

### **2010-2011 Total Operations by Core Service**



**City Service Area**  
**Community and Economic Development**  
**BUDGET SUMMARY**

**City Service Area Budget Summary**

	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
<b>Dollars by Core Service</b>					
<i>Convention Facilities</i>					
Convention Facilities	\$ 15,238,172	\$ 20,452,307	\$ 21,567,824	\$ 18,780,424	(8.2%)
<i>Economic Development</i>					
Arts and Cultural Development	2,218,752	1,982,127	1,919,203	1,739,892	(12.2%)
Business Development and	2,194,033	2,268,024	2,272,328	2,147,386	(5.3%)
Economic Strategy					
Outdoor Special Events	694,368	665,040	622,132	584,034	(12.2%)
Workforce Development	4,317,356	4,455,295	4,819,964	4,624,918	3.8%
Strategic Support	457,979	411,832	468,264	349,165	(15.2%)
<i>Fire</i>					
Fire Safety Code Compliance	2,923,260	2,849,637	2,973,398	2,406,632	(15.5%)
Strategic Support	825,702	753,283	771,257	530,820	(29.5%)
<i>Housing</i>					
Community Develop & Investment	793,264	1,761,100	1,958,386	2,110,766	19.9%
Increase the Affordable Housing	1,587,259	1,788,319	1,952,314	1,341,380	(25.0%)
Supply					
Maintain Existing Affordable	3,638,548	4,343,162	4,486,410	4,321,862	(0.5%)
Housing Supply					
Strategic Support	4,704,743	3,213,397	3,303,823	2,977,829	(7.3%)
<i>Planning, Bldg &amp; Code Enforcement</i>					
Development Plan Review and	22,138,433	16,389,967	14,361,980	15,601,111	(4.8%)
Building Construction Inspection					
Long Range Land Use Planning	2,328,221	2,465,340	1,889,332	2,050,117	(16.8%)
Strategic Support	1,476,408	1,347,416	1,322,264	1,275,044	(5.4%)
<i>Public Works</i>					
Regulate/Facilitate Private Dev	6,126,041	5,066,842	5,211,676	4,169,006	(17.7%)
<i>Redevelopment Agency</i>					
Enhance Quality & Supply Hsng*	N/A	N/A	N/A	N/A	N/A
Initiate & Facilitate Public Facil*	N/A	N/A	N/A	N/A	N/A
Initiate & Facilitate Private Facil*	N/A	N/A	N/A	N/A	N/A
Promote & Imp Nhood Impvts*	N/A	N/A	N/A	N/A	N/A
Strategic Support**	2,025,139	2,061,797	1,875,930	1,706,792	(17.2%)
<b>Subtotal</b>	<b>\$ 73,687,678</b>	<b>\$ 72,274,885</b>	<b>\$ 71,776,485</b>	<b>\$ 66,717,178</b>	<b>(7.7%)</b>
<b>Other Programs</b>					
City-Wide Expenses	30,493,265	26,656,082	22,748,275	24,914,303	(6.5%)
Gen.Fd Cap, Trans & Reserves	5,810,668	4,697,585	7,589,158	11,547,820	145.8%
<b>Subtotal</b>	<b>\$ 36,303,933</b>	<b>\$ 31,353,667</b>	<b>\$ 30,337,433</b>	<b>\$ 36,462,123</b>	<b>16.3%</b>
<b>Total</b>	<b>\$ 109,991,611</b>	<b>\$ 103,628,552</b>	<b>\$ 102,113,918</b>	<b>\$ 103,179,301</b>	<b>(0.4%)</b>
<b>Authorized Positions**</b>	<b>520.18</b>	<b>432.71</b>	<b>397.86</b>	<b>346.23</b>	<b>(20.0%)</b>

\* The San Jose Redevelopment Agency (SJRA) Core Service budgets are not part of the City's Operating Budget.

\*\* The Strategic Support and budget authorized positions total only includes SJRA positions that are funded in the City's Operating Budget as displayed in the City Departments section of this document.

*City Service Area*  
**Community and Economic Development**  
**OVERVIEW**

***Service Delivery Accomplishments***

- Successful efforts in 2009-2010 to facilitate large corporate and retail expansion and relocation efforts included: Harmonic, Lowe's, Target, Graebel Moving Storage, Capital Honda, Underwriter's Laboratory and Capital Mazda.
- The Clean Tech Strategy adopted in 2008 has built upon the Economic Strategy and has advanced the Green Vision goal of 25,000 clean tech jobs, with 4,000 clean tech jobs created since 2005.
- In 2008-2009, the Special Events Program in the Office of Cultural Affairs coordinated 425 cultural and sporting events citywide, including several "Signature" sporting events such as the Rock 'n' Roll Half Marathon, the Amgen Tour of California, and the LIVESTRONG Challenge, an event produced by the Lance Armstrong Foundation that featured multiple distanced bike rides.
- In 2009, the Special Tenant Improvement (STI) Program issued permits for 37 projects, resulting in the development of approximately 800,000 square feet of vacant space. Some notable STI projects are: Club Auto Sport, Toshiba and Fairchild.
- The Industrial Tool Installation (ITI) Program issued 226 permits in 2009 for over \$27 million of tool and system installations. Some notable projects that were served by the ITI Program are: Hitachi clean room; San José Police Department DNA evidence freezer, Stion, Western Digital, Solopower, Cisco Systems x-ray machine and Micrel.
- During 2009, the Small Business Ambassador (SBA) Program assisted over 50 business owners, issuing over 60 permits resulting in 17 new businesses opening such as: Wow Noodles, Philz Coffee, Maccio Brazilian Restaurant and the Voodoo Lounge.
- Long-range planning efforts included completing Neighborhood Improvement Plan Amendments (NIPA) to include new "top ten priority lists" and Action Agendas for: Edenvale/Great Oaks, Hoffman/Via Monte, KONA, Market/Almaden, Spartan/Keyes, Tully/Senter, University, and West Evergreen Strong Neighborhoods Initiative (SNI) areas. All Plans were unanimously approved by the Planning Commission and City Council.
- Public Works Development Services' implementation of a new service and business model has provided increased predictability, quicker decision making, and early consultation. With a new fee structure for 2009-2010, revenue tracked closely to workload. Although revenue consistently tracked below estimated levels, the Department adjusted their resources accordingly, while still ensuring that performance targets were maintained.
- Public Works Development Services engaged the development community to establish clearer standards and expectations for plan submittals with the goal of reducing interactions, time, and ultimately fees.
- During 2009-2010, Housing Department staff estimates that a total of 402 affordable units completed construction, with a total of 1,760 affordable units in the pipeline.
- Since January 2008, Destination: Home has housed over 400 chronically homeless households with Section 8 Vouchers, with a new allotment of 200 Vouchers available in 2010-2011. Grants have been received to expand the Medical Respite Center from 15 to 20 beds and to add new case workers that provide assistance to ensure that the homeless remain housed. In 2010-2011, more funding will be sought to increase case management assistance and implement discharge planning efforts by providing pre- and post-release employment preparation to women being released from incarceration.
- The Creative Entrepreneur Project, aimed at making San José an opportunity-rich community for multidisciplinary artists, continued in 2009-2010 with a Business of Art Training and professional development grants for creative professionals.

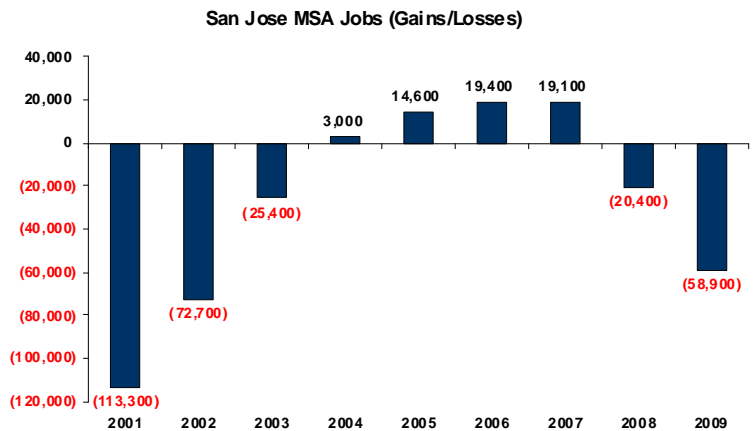
# City Service Area

## Community and Economic Development

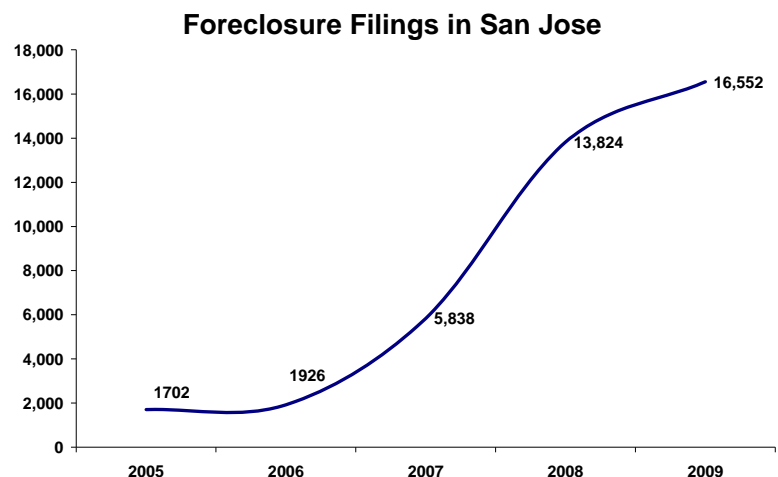
### OVERVIEW

#### Service Delivery Environment

- National Economic Trends and Job Growth: 2009 saw the weakest national economic performance in more than half a century. The weak world financial markets have been impacting the San José Metropolitan Statistical Area (MSA) since the 4<sup>th</sup> Quarter of 2008. The San José MSA lost 58,900 jobs in 2009. The unemployment rate increased from 7.7% in December 2008 to 11.5% in December 2009 (The nation's unemployment rate was 9.7%).



- Opportunity for Business Growth: San José continues to face national and global competition to maintain its position as the world's leading concentration of technical and entrepreneurial talent. San José has the opportunity to capitalize on the current economic environment of lower rents and sluggish housing values to make the city more attractive to talent and business expansion. Major employment opportunities include the Downtown, as well as North San José and Edenvale, which are attracting cutting-edge companies in clean technology and bioscience.
- Jobs/Housing Balance: San José continues to be 'housing rich and jobs poor'. In 2010, San José houses 56% of the population in Santa Clara County but has only 42% of the County's jobs. Council's actions to slow the conversion of employment lands to residential uses will bring more jobs to San José, improving the City's fiscal health.
- Housing Affordability: According to the Santa Clara County Association of Realtors, the median sales price of a single family home in San José fell from \$565,000 to \$450,000 between 2008 and 2009. This figure represents a 20% decline in year over year prices. However, it appears that the housing market is beginning to stabilize as the median price of a home in 2010 jumped nearly 8% to \$485,000. The rental housing market has held steady with a 5.1% vacancy rate (RealFacts December 2009). Regardless of this decline in overall prices, San José remains the second most expensive community to purchase a home nationally and the ninth most expensive place to rent (Center for Housing Policy 2010).
- Foreclosures: San José experienced a 20% increase in foreclosure filings over the last year, from 13,800 in 2008 to 16,600 in 2009, and a 184% increase since 2007 (see graph). Foreclosure filings include: notice of default, auction sale, and real-estate owned. While the notice of default and auction sale filings are the first two stages of the foreclosure process, only the real-estate owned filing constitutes a true foreclosure where the bank repossesses the home. It is anticipated that foreclosures will continue through 2012 as households struggle with unaffordable mortgage payments and/or job loss.



### ***Service Delivery Environment (Cont'd.)***

- Homelessness: According to the City's January 2009 homeless count and survey, there were 4,193 homeless individuals residing in San José of whom 74% were living on the streets (unsheltered) and 26% were living in either emergency shelters or transitional housing. The individuals surveyed for this count cited the following as the primary reasons they were homeless: job loss (31%), alcohol or drug use (24%), incarceration (7%), and illness or medical problem (1%). (Applied Survey Research 2009)
- Non-Profit Service Providers: Several key non-profit service providers continue to be impacted by the challenging economy and are facing severe financial difficulties. Many agencies are looking to the City for financial support.
- Non-Profit Arts Organizations: National trends project a significant reduction in earned and contributed revenues to non-profit arts organizations.
- Transient Occupancy Tax (TOT) Revenues: The funds available for grants are projected to decline by 7%, resulting in decreases in the number and/or the amount of cultural arts grants, resulting in a diminished capacity for arts organizations for programming and financial stability.
- Commercial and Non-Profit Arts: According to the 2009 American for the Arts *Creative Industries Report*, there are 1,952 commercial and non-profit arts related enterprises in San José that employ 6,400 people.

### ***CSA Priorities/Key Services***

- Continue to provide high quality land-use development and permitting services for all customers.
- Facilitate development of driving industry and revenue generating companies expanding or relocating in San José by aggressively implementing the City's Economic Strategy (Development Facilitation).
- Advance Green Vision goals of catalyzing clean technology innovation and creating green collar jobs.
- With a leaner development services workforce, ensure that the City speaks with "one voice" on development issues with the vision of improving the speed, consistency and predictability of the development review process.
- Continue to offer universal services to residents and businesses through work2future.
- Ensuring residents have a diverse range of housing options by increasing housing opportunities for low-and moderate-income households.
- Provide a range of quality events, cultural offerings, and public artworks by building the capacity of local arts providers.
- Provide a cultural vision plan guiding cultural development in San José.

# City Service Area

## Community and Economic Development

### OVERVIEW

#### Budget Dollars at Work: Performance Goals

This CSA generates revenues for the City through its business attraction/retention efforts, retail development, and event activities, as well as its facilitation of private development. This CSA is responsible for a continuum of services from long-range planning and development review to programmatic implementation aimed at job creation/retention/expansion; housing development; convention and visitor services; arts, cultural, and special event support and development; and overall quality of life in San José's diverse neighborhoods.

#### Outcome 1: Strong Economic Base

Strategic Goals	CSA Performance Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimate	2010-2011 Target	5-Year Goal
Facilitate Major Corporate Development	1. Jobs generated through City/Agency attraction, expansion and retention					
	- Industrial	14,600	11,000	13,500	13,000	48,500
	- Commercial/Retail	1,400	2,000	1,600	2,000	8,000
	2. % change in number of jobs (Job Growth) from prior fiscal year*	30.8%	2.0%	(5.6%)	(0.7%)	7%
	3. # of Clean Tech Jobs from City efforts	300	1,000	500	1,500	10,000
Stimulate Revenue for City Services	1. Economic Impact of Convention Center (attendance by visitor type)					
	- Local/Social	811,024	875,000	353,226	807,000	4,400,000
	- Out of Town	53,873	65,000	24,564	40,000	325,000
	- Exhibitors	12,550	13,250	3,906	6,000	65,000
	2. Actual increase in revenue (property, sales, utility, and transient occupancy taxes) from businesses which previously received assistance from the City	\$2.2M	\$4.0M	\$2.5M	\$3.5 M	\$13.5M
Retain Industrial Jobs, Suppliers and Industrial Land Uses	1. Jobs gained/(lost) in areas with "heavy" and "light" Industrial General Plan land designation (acres converted in parenthesis)	252 jobs (8 acres)	500 jobs (Less than 20 acres)	20 jobs (1.17 acres)	500 jobs (Less than 20 acres)	5,000 jobs (200 acres)
	2. Jobs gained/(lost) in areas with "Industrial Park" and "Campus Industrial", and other R&D General Plan land designation (acres converted in parenthesis)	1,200 jobs (33 acres)	750 jobs (Less than 20 acres)	-932 jobs (69 acres)	750 jobs (Less than 20 acres)	7,000 jobs (200 acres)
	3. Ratio of San José jobs to employed residents	0.88	0.87	0.86	0.86	1.00
		jobs/resident	jobs/resident	jobs/resident	jobs/resident	jobs/resident

\* Job Growth/(Loss) percentage change is based upon the Industrial and Commercial/Retail jobs that result directly from City/Agency efforts compared against prior year's performance as well as target.



# City Service Area

## Community and Economic Development

### OVERVIEW

#### Budget Dollars at Work: Performance Goals (Cont'd.)

#### Outcome 1: Strong Economic Base (Cont'd.)

Strategic Goals	CSA Performance Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimate	2010-2011 Target	5-Year Goal
Facilitate Small Business Expansion	1. # of Businesses receiving assistance, access to capital, technical or human resources support or information	44,100	40,000	55,000	40,000	200,000
Be Active Partner in Developing a Skilled Workforce	1. Number of enrolled work2future clients receiving discrete services (occupational training, counseling, job placement, and occupational training)	7,818	10,000	8,650	10,000	40,000
	2. Estimated % of Workforce Investment Act (WIA) clients employed six months after initial placement relative to federal mandated goals					
	- Adults	103%	Goals set	90%	Goals set	Goals set
	- Dislocated Workers	102%	annually by State of CA	91%	annually by State of CA	annually by State of CA
	3. Percent of Clients Placed in Jobs relative to federal mandated goals					
	- Adults	101%	Goals set	85%	Goals set	Goals set
	- Dislocated Workers	102%	annually by State of CA	70%	annually by State of CA	annually by State of CA
	- Youth (Placement/Education)	107%	State of CA	100%	State of CA	State of CA

*Changes to Performance Measures from 2009-2010 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to performance measures from 2009-2010 Adopted Budget:

- ✗ “Estimated payroll from job generation” was deleted because accessible payroll data from the Employment Development Department is vague related to industry categories.
- ✗ “Number of new business applications received” and “Number of new businesses” were deleted because they are not specific to City or Agency efforts and are primarily reflective of economic conditions.
- ✗ The “Percent change in attendance at outdoor events” was deleted because it was not specific to Office of Cultural Affairs efforts to drive attendance.
- ✗ The “# of outdoor events coordinated” and “# of event attendees” were shifted to a departmental core service measure.
- ✗ “Anticipated increase in tax from businesses receiving assistance in the current period” was deleted because the methodology is subject to development timelines and company commitment to project.
- ✗ The “Funding made available to small businesses through loans, grants, and guarantees” was deleted because the Revolving Loan Fund program has been discontinued.
- ✗ The “Number of business clients served by work2future program” was shifted to a departmental core service measure.
- ⊖ The “% change in number of jobs” was revised to add “from prior fiscal year” to clarify the time period measured.
- ⊖ The “Actual increase in Sales and Use taxes from businesses which previously received assistance from the City ” was revised to include property, sales, utility, and TOT tax revenue to clarify the revenue types included in the performance data.
- ⊖ The “Economic Impact of Convention Center and City-sponsored events” was revised to “Economic Impact of Convention Center events” to clarify the events included in the calculation.
- ⊖ The “Estimated % of Workforce Investment Act (WIA) clients employed six months after initial placement” was revised to calculate the performance against the federal mandated goals. With this change, instead of measuring what percent of people retain employment, the measure will show percent achievement to the federal retention goal. Youth was also removed because it is not a federal mandated common measure any longer.
- ⊖ The “Percent of clients placed in jobs” was revised to calculate performance against the federal mandated goals and also add to the youth measure “placement/education” as education is an alternative goal to job placement.
- + “# of Clean Tech jobs resulting from City efforts” was added to align with outcome of the City’s Green Vision.
- + “# of businesses receiving assistance” was added to reflect the number of business owners receiving services through work2future.
- + “# of work2future clients receiving discrete services” was added to reflect the number of adult and dislocated workers receiving services under work2future.

***City Service Area***  
***Community and Economic Development***  
***OVERVIEW***

***Budget Dollars at Work: Performance Goals (Cont'd.)***

**Outcome 1: Strong Economic Base (Cont'd.)**

**Corporate Development and Revenue Growth**

- ✓ Providing quality development services to support company retention and expansion to preserve existing jobs and create new opportunities for residents remains a high priority for this CSA. Ongoing improvements to the development process combined with direct assistance to key projects will continue to help San José retain and attract revenue-generating driving industry and retail companies during these difficult economic times. The addition of a second Special Tenant Improvements (STI)-Industrial Tool Installation (ITI) line and a third Express Plan Review line will enable the City to provide Plan Review and Permitting processes “at the speed of business,” helping attract business to San Jose. Also included is the addition of a limit-dated Development Services Project Manager to both ensure that high-level revenue and job-generating development projects proceed through the approval process as quickly as possible and to develop streamlining recommendations.
- ✓ To adapt to the changing economic conditions, San José updated its citywide Economic Strategy to provide a clear vision for the City’s economic future and strategic initiatives over the next 12-18 months.
- ✓ Despite some growth in clean technology in 2009, the San José economy overall suffered substantial job losses in the past year as a result of the global economic recession and did not generate the anticipated job creation outcomes. San José must be mindful of growing competition regionally, nationally, and internationally and strive to maintain its competitive advantages over other regions, including access to talent and capital, entrepreneurial expertise, a unique quality of life, and a dense concentration of innovative industries which promote creative synergies among firms.
- ✓ The Office of Economic Development (OED) will work closely with work2future to ensure that residents affected by the current economic downturn benefit from the wide range of training programs available, including programs funded through the American Recovery and Reinvestment Act, to seize well-paying employment opportunities.
- ✓ work2future will continue to promote BusinessOwnerSpace.com, a small business network of nearly 40 service providers, which assists over 40,000 small businesses and thousands of entrepreneurs in San José.
- ✓ Declining sales tax revenues demand an increased focus on expanding retail options in San José to provide a wide range of opportunities for residents and a stable revenue stream. San José has enjoyed significant retail growth with the opening of the MarketCenter and the Plant power centers. The impact of these additions, combined with numerous other projects, has decreased San José’s retail sales tax leakage from 24% to 20%. While this marks a significant improvement, the limited retail offerings impact the City’s General Fund revenues, as residents drive to other communities to shop and eat.
- ✓ The first goal of San José’s Green Vision is to create 25,000 clean technology jobs and it also calls for achieving many goals that will require the invention of new technologies and the adoption of new practices. San José views today’s growing environmental crisis as an opportunity to demonstrate how Silicon Valley ingenuity can again solve the biggest challenges facing the world, and in doing so create thousands of jobs. Key Green Vision priorities include attracting clean technology companies, accelerating energy efficiency initiatives for City facilities (projected payback period of two to three years), adopting renewable energy on City facilities, completing the Green Mobility Showcase, implementing a private sector green building ordinance, testing waste-to-energy technology, and expanding the use of recycled water.
- ✓ The CSA will continue to recruit sporting and cultural events and athletic teams to locate in San José in an effort to attract additional tourism money and raise the image of San José as a compelling destination.

*City Service Area*  
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**OVERVIEW**

***Budget Dollars at Work: Performance Goals (Cont'd.)***

**Outcome 1: Strong Economic Base (Cont'd.)**

**Corporate Development and Revenue Growth (Cont'd.)**

- ✓ OED will continue to oversee the City's contract with Team San José to manage the City's Convention and Cultural Facilities which will be evaluated on performance measures that include gross revenue targets, financial performance indicated by net profit or loss, economic impact, attendee day figures, and customer service results.
- ✓ In 2009-2010, San José continued its commitment to catalyzing innovation through its incubator program. The San Jose Redevelopment Agency provides facilities for three business incubators in San José: the San José BioCenter, which provides space and services to young life sciences companies; the Environmental Business Cluster (EBC), which works with clean technology start-ups; and the U.S. Market Access Center (USMAC), which helps international companies with their U.S. market entry strategy. The Redevelopment Agency also provides space to the Entrepreneur Center (eCenter), which comprises six organizations that provide entrepreneurs with consulting services, financing programs, and training. The EBC, the USMAC, and the eCenter are all located in the new San José Innovation Center at 100 E. Santa Clara Street. The Redevelopment Agency completed tenant improvements and facade improvements at the Innovation Center this year.

**Retain Industrial Jobs**

- ✓ Recent Council adoption of a framework for considering future conversion of employment lands is intended to preserve land critical to future job creation. These policies represent best practices in encouraging 'smart growth' - creating vital live-work districts accessible by transit and avoiding development that sprawls unnecessarily into open space. San José has converted more than 1,400 acres of employment land since 1990, representing losses in capacity between 68,000 and 110,000 jobs and ongoing revenue for the City. Recent growth by companies such as Bay Biodiesel show the potential demand for industrial land by clean technology companies that have the potential to generate substantial jobs and revenues for the City.
- ✓ Work is underway to update the sign code, address land use conflicts in Downtown, and establish a Green Building policy for renovations to existing structures. Additionally, North San José is targeted for higher density office and mixed-use development and proposed policy revisions are being brought forward for City Council consideration. The revised land use and transportation policies reflect the new realities of the San José economy and these policies are encouraging development in the area.
- ✓ The City is proceeding with a comprehensive update of the General Plan with extensive community involvement. In addition, San José's Green Vision includes a goal to incorporate measurable standards for sustainable development into the General Plan.

# City Service Area

## Community and Economic Development

### OVERVIEW

#### Budget Dollars at Work: Performance Goals (Cont'd.)

#### Outcome 2: Safe, Healthy, Attractive, and Vital Community

Strategic Goals	CSA Performance Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimate	2010-2011 Target	5-Year Goal
Revitalize and Rehabilitate Uses, Sites and Structures in Neighborhoods, Commercial and Industrial Areas	1. # of facades, streetscapes, and development projects completed					
	Streetscapes	20	6	9	1	15
	Facades*	12	60	15	15	100
	Development Agreement to Board*	6	10	0	1	20
	Development Sites Marketed*	11	18	5	10	50
Quality Living and Working Environment	1. % of residents surveyed who rate the quality of architecture and landscaping design/ maintenance in new development in their neighborhood as good or better	72%	70%	67%	70%	70%
Increase the Number of Housing Units Developed in Greater Downtown Area	1. % of target for housing unit production completed in the Greater Downtown Area	100% (835 units)	30	886	150	3,000
	- For Sale	835 (100%)	30 (100%)	850 (96%)	150 (100%)	2,400 (80%)
	- Rental	0 (0%)	0 (0%)	36 (4%)	0 (0%)	600 (20%)
Increase the City's Housing Unit Capacity	1. # of dwelling units added to the General Plan holding capacity annually	461	4,000	169	100	10,000
	2. San José housing production compared to regional fair share number target (in parenthesis)	1,071 units (3,730)	3,000 units (3,730)	750 units (3,730)	1,250 units (3,730)	10,000 units (18,750)
	3. % of units receiving development permit approval compared to target (actuals in parenthesis)	93% (2,805 units)	100% (3,000 units)	19% (560 units)	17% (3,000 units)	100% (13,000 units)
Provide Seamless and Effective Development Review Including Implementation of Environmental Regulations, in a Customer Friendly Fashion	1. % of projects that receive thorough, complete, consistent review in the first cycle of staff review					
	- Entitlement Process	60%	65%	N/A**	65%	75%
	- Construction Process	91%	80%	N/A**	80%	80%
	2. Ratio of current year fee revenue to fee program cost	80.3%	100%	94.6%	96.2%	100%
	3. Development projects completed within processing time targets:					
	- Entitlement Process	84%	85%	69%	70%	85%
	- Construction Process					
	- Plan Check	85%	85%	78%	78%	85%
	- Inspections in 24 hours	98%	80%	72%	75%	80%
	- Inspections in 48 hours	99%	100%	79%	80%	100%
	4. % of development services walk-in customers served in less than 30 minutes (wait time)	88%	95%	54%	60%	85%
	5. % of customers surveyed rating service as good or better					
	- Discretionary***	76%	72%	64%	68%	77%
	- Ministerial****	81%	83%	67%	71%	88%
	6. % of customers surveyed who indicate the City has improved customer service in the past 12 months					
	- Discretionary***	72%	72%	37%	45%	75%
	- Ministerial****	77%	82%	53%	58%	85%

Changes to Performance Measures from 2009-2010 Adopted Budget: No

\* 2009-2010 estimated completions and 2010-2011 targets are lower due to San Jose Redevelopment Agency budget constraints.

\*\* Staffing reductions have reduced capacity for quality control work, with supervisors and staff focusing on front line service delivery. A discussion of customer survey data on consistent, clear, and understandable comments during project review is included below.

\*\*\* Discretionary projects are those that require a public hearing (e.g. zoning change, General Plan amendment).

\*\*\*\* Ministerial projects are administrative in nature and do not require a public hearing (e.g. water heater replacement).

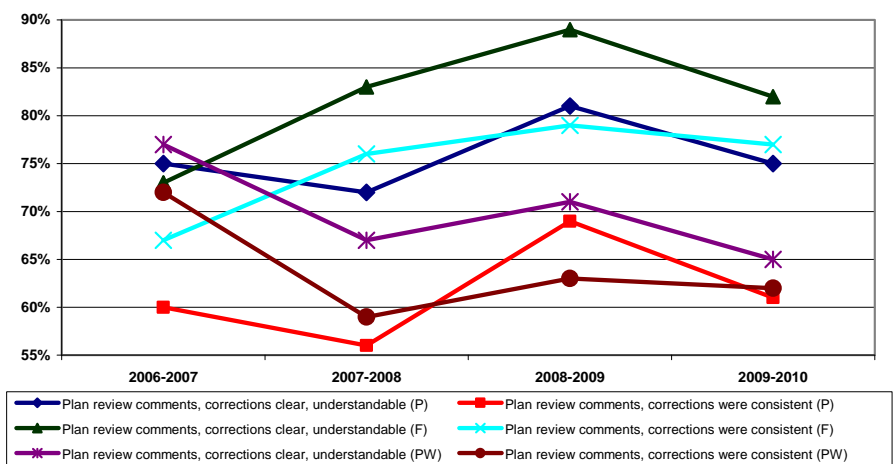
***Budget Dollars at Work: Performance Goals (Cont'd.)***

**Outcome 2: Safe, Healthy, Attractive, and Vital Community (Cont'd.)**

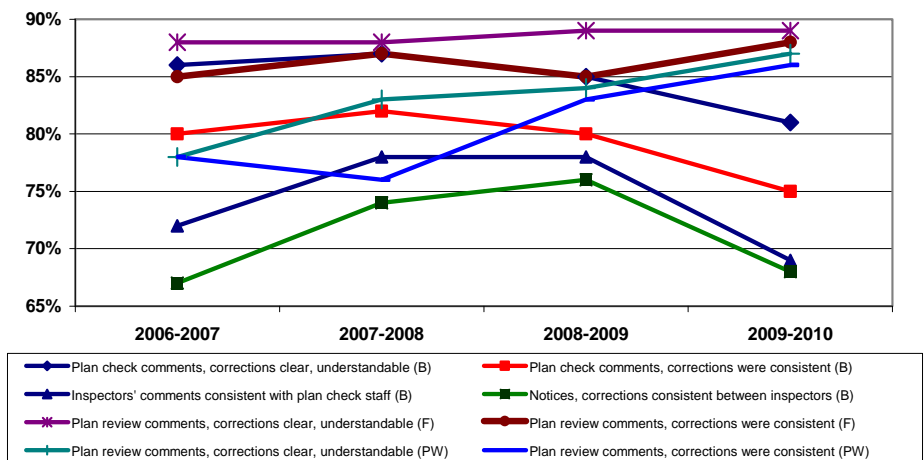
**Seamless and Effective Development Review**

- ✓ The five year goal for the development process is to make San José the best place in America to conduct business by:
  - Establishing a predictable and timely development review process by emphasizing a facilitation approach, providing seamless 'one-voice' service delivery, and updating policies and codes;
  - Achieving financial stability and full cost-recovery for the development fee programs, adjusting hourly rates annually for changes in staff costs, and performing periodic cost of service analyses;
  - Expanding provision of enhanced service options at a premium fee for customers desiring expedited service; and
  - Continually improving processes and customer service through ongoing dialogue with development customers about their concerns and priorities, measuring performance, and conducting an annual scientific customer survey.
- ✓ Although activity is clearly down from levels reported last fiscal year, staff continues to be challenged with a backlog of projects that must be processed along with new, incoming projects. With fewer staff, processing times may increase as the remaining staff strives to uphold quality standards.
- ✓ In response to projected revenues, a downsizing of the development partners has necessitated additional collaboration among Planning, Building, Fire and Public Works in order to support development and they have embarked on an initiative to consolidate resources with the goal of building a high performing, integrated Administrative Hub and Project Management Team.
- ✓ As noted in the graphs on this page, staffing reductions likely led to negative impacts on customer service according to the most recent customer survey.

**Comments and Corrections Clear, Consistent & Understandable: Discretionary Permits**



**Comments and Corrections Clear, Consistent, & Understandable: Ministerial Permits**



***City Service Area***  
***Community and Economic Development***  
***OVERVIEW***

***Budget Dollars at Work: Performance Goals (Cont'd.)***

**Outcome 2: Safe, Healthy, Attractive, and Vital Community (Cont'd.)**

**Revitalize and Rehabilitate Uses, Sites and Structures in Neighborhoods**

- ✓ The Strong Neighborhoods Initiative (SNI) Business Plan Update will provide a reassessment of SNI's core mission in light of past program accomplishments, current projects and priorities, and future plans. The updated Business Plan will ensure that SNI's organizational structure, mission and goals are aligned with the resources and funding sources needed to sustain the program for the next five year period. The SNI Business Plan Update has included over 140 neighborhood leaders and staff to develop and refine the plan to focus on and achieve the following outcomes: stabilize neighborhoods in crisis; connect resources to neighborhood priorities; neighborhood action and remove (City) barriers to neighborhood self improvement and action.
- ✓ The development potential of the Greater Downtown area has been improved by allowing higher density in-fill development, encouraging replacement of underutilized uses, and expanding land-use intensities. These revisions have allowed the first high-rise housing developments in the South Bay.
- ✓ Efforts to implement the Downtown Strategy have been enhanced by partnerships with San José State University and with 1<sup>st</sup> ACT Silicon Valley, which strives to accelerate revitalization of Downtown San José as Silicon Valley's City Center – a thriving cultural, social, and economic hub. The evolution of Downtown will ensure that San José remains an attractive place to live, work, shop, and play with an emphasis on 'small wonders' that enliven the pedestrian experience.
- ✓ A key pre-requisite for permitting increased densities is to strengthen San José's transportation policy to build a balanced transportation system, manage congestion, and improve neighborhood livability. The updated policy broadens the options for mitigating traffic congestion in targeted areas such as transit corridors, business districts, specific plan areas, and Greater Downtown.
- ✓ Staff is working closely with the Valley Transportation Authority to bring Bay Area Rapid Transit and High Speed Rail to San José.
- ✓ A three-year process to update the General Plan is nearing completion. The process, which started in June 2007, is required by State law as a basis for local agencies to issue entitlement and construction permits. The General Plan not only serves as land use and transportation policy but also sets service delivery goals. The process includes significant community involvement.

*City Service Area*  
**Community and Economic Development**  
**OVERVIEW**

***Budget Dollars at Work: Performance Goals (Cont'd.)***

**Outcome 3: Diverse Range of Housing Options**

5 Year Strategic Goals	CSA Performance Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimate	2010-2011 Target	5-Year Goal
Increase the Supply of Affordable Housing	1. % of annual target achieved for production toward affordable housing	32% (550)	100% (200)	126% (407)	100% (322)	100% (1,612)
Disperse Affordable Housing Throughout the City (Dispersion Policy)	1. Five year cumulative % of City funded lower income housing located outside of impacted neighborhoods (neighborhoods with a high concentration of low incomes)	69%	85%	70%	75%	75%
Direct Significant Affordable Housing Resources to Lower-Income Households	1. % of Housing Department funds reserved by income levels over 5 years:					
	- Very Low (<=50% of median)	63%	60%	64%	60%	60%
	- Extremely Low (<=30% of median)	25%	30%	28%	30%	30%
	- Very Low (31-50% of median)	38%	30%	36%	30%	30%
	- Low (51-80% of median)	26%	25%	25%	25%	25%
	- Moderate (81-120% of median)	11%	15%	11%	15%	15%

*Changes to Performance Measures from 2009-2010 Adopted Budget: No*

2010-2011 Housing Program Funds	
40,655,002	20% Redevelopment Tax Increment
10,896,115	Community Development Block Grant Program (CDBG)
10,865,400	Neighborhood Stabilization Program
8,981,287	Project Loan Repayments, Interest Income, and Misc. Revenue
8,300,000	HOME Investment Partnership Program Fund
2,364,523	Homeless Prevention and Rapid Rehousing Program
1,790,000	CalHome
1,700,643	CDBG Stimulus
904,500	Bond Administration Fee
871,489	Housing Opportunities for People with AIDS (HOPWA)
690,000	Proposition 1C BEGIN
485,198	Rental Rights and Referrals Program
442,295	Emergency Shelter Grant
400,000	HOPWA Special Projects
303,600	State Housing and Parks Funding Program
110,000	Hazard Mitigation
100,000	Revolving Loan Fund, Teacher Housing Program
50,000	Lifeline Transportation Grant Program
4,200	Homebuyer Subordination Fee
2,550	Multi-Family Project Ownership Transfer Fee
<b>89,916,802</b>	<b>Total Program Funding Sources</b>

# City Service Area

## Community and Economic Development

### OVERVIEW

#### Budget Dollars at Work: Performance Goals (Cont'd.)

#### Outcome 3: Diverse Range of Housing Options (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimate	2010-2011 Target	5-Year Goal
Reduce Homelessness	1. Cumulative % of homeless individuals assisted in securing permanent housing over a 10-year period, 2004-2013 (based on 2004 census)	46% 490	56%* 490	56% 490	66% 500	96% 500
Provide Housing Assistance to Teachers	1. % of target achieved for Teacher Homebuyer Program	142% 68	100% 46	131% 60	100% 50	100% 250

*Changes to Performance Measures from 2009-2010 Adopted Budget: No*

\* The 2009-2010 Target has been updated, as the 10% Target published in the 2009-2010 Adopted Operating Budget was an error.

- ✓ Staff will continue to work with the public-private partnership Destination: Home to achieve the goal of ending homelessness in Santa Clara County by applying for funding for new and current initiatives, including the successful One-Stop Homeless Prevention Centers, and by implementing system changes and service improvements that make it easier for homeless residents to achieve self-sufficiency and for those at risk of homelessness to stay housed.
- ✓ While it is expected that approvals of new affordable housing developments will drop due to funding availability, eight projects will be under construction during the fiscal year. And, hundreds of additional units remain in the pipeline awaiting funding availability.
- ✓ The ForeclosureHelp center will continue to provide assistance to households impacted by foreclosure or default. Staff will investigate opportunities for proactive efforts to keep people in their homes, and minimize the impact of foreclosures on neighborhoods. Additionally, staff will implement the new Neighborhood Stabilization Program to purchase, rehabilitate, and sell foreclosed properties.
- ✓ The Housing Department has reorganized its loan programs to create an underwriting team that handles both multi-family and single-family loans. This enables staff to be more flexible and to respond to fluctuations in demand and activity in different programs.
- ✓ Additionally, the Department has reorganized to combine all housing and community development grant programs into one unit, which is responsible for grant administration, monitoring, and federal regulation oversight.
- ✓ In an effort to increase funding for affordable housing production, the Department is focusing on fund development, applying for State and federal funds as well as seeking funds from new sources. Staff will work to ensure that the City benefits upon approval of the funding allocations from the National Housing Trust and the State's Permanent Source program.
- ✓ Many affordable housing projects are reaching "Year 15," a time when tax credit projects are refinanced and investors leave the partnership. Considerable work will be done in the coming year, and following years, to work with developers and other lenders on the refinancing of City-funded developments. Staff will continue to work to maintain or increase affordability, and to receive some repayment at the time of conversion if the project can afford to pay down the City loan.



# City Service Area Community and Economic Development OVERVIEW

## **Budget Dollars at Work: Performance Goals** (Cont'd.)

### **Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks**

5 Year Strategic Goals	CSA Performance Measures	2008-2009 Actual	2009-2010 Target	2009-2010 Estimate	2010-2011 Target	5-Year Goal
Provide a diverse range of arts and cultural offerings for residents and visitors	1. % of residents rating the availability of a diverse range of quality arts and cultural activities in the City as good or excellent	47%	50%	47%*	50%	55%
Enhance San Jose's public spaces through public art and design amenities	1. % of residents rating the City's efforts at enhancing public spaces with public art as good or better (Community Survey)	47%	50%	37%*	50%	50%
Encourage a full range of outdoor special events that serve diverse communities and visitors	1. % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	46%	45%	47%*	45%	55%
	2. Total economic impact from signature events (events and festivals solicited and supported by the City) including direct and indirect spending	\$8.1 M	\$9.0 M	\$19.5M	\$8.5 M	\$56.5 M

*Changes to Performance Measures from 2009-2010 Adopted Budget: Yes<sup>1</sup>*

\* Data from the 2009 San José Community Survey. The next survey will be conducted in 2011.

<sup>1</sup> Changes to performance measures from 2009-2010 Adopted Budget:

- ✗ “% of art works completed and installed on schedule” was deleted as this measure is incorporated into the Community and Economic Development City Service Area Capital Overview in the Capital Budget document.
- ✗ % of residents rating the City's efforts at supporting a diverse range of arts and cultural activities in the City as good or excellent” was deleted because the cost to collect this data is not worth the value of the data.
- ⊜ “% of residents rating the availability of a diverse range of arts and cultural activities in the City as good or excellent” was revised to include “quality” to capture more information from surveyed residents. This revision will be made in the next Community Survey scheduled for 2011.
- ⊜ “% of residents rating the City's efforts at enhancing public spaces with public art as good or better” was revised to exclude the Point of Service Survey data, as this survey is no longer being conducted. The measure will display data from the Community Survey.
- + “Total economic impact from signature events (events and festivals solicited and supported by the City) including direct and indirect spending” was added to address City's return on investment for signature events.

### **Public Art and Design Amenities**

- ✓ The Public Art Program will continue implementation of the Focus Plans for Downtown and North San José. Downtown projects will address the concept of Big Deals and Small Wonders, adapted by 1st ACT Silicon Valley, the City of San José, and the San Jose Redevelopment Agency (SJRA). A major Downtown public art initiative will be a Climate Clock, an artwork using information and measurement technologies to gather and display climate change data. This project is a partnership between the Public Art Program, Computers in Art and Design Research and Education (CADRE) at San José State University, SJRA, Montalvo Art Center, and 1st ACT.
- ✓ In 2009-2010, the Office of Cultural Affairs (OCA) completed integrating the Airport Art +Technology program at Mineta San José International Airport and initiated key elements of the Downtown Public Art Focus plan: the commissioning of changing artworks and arts planning for the Diridon multi-modal station, and continuing conceptual design work for the iconic Climate Clock public art project proposed for the Diridon Station area.

**City Service Area**  
**Community and Economic Development**  
**OVERVIEW**

***Budget Dollars at Work: Performance Goals (Cont'd.)***

**Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks (Cont'd.)**

**Public Art and Design Amenities (Cont'd.)**

- ✓ In 2009-2010, OCA continued to implement recommendations in Public Art NEXT!, San José's Public Art Master Plan, incorporating public art in high-traffic transportation corridors and pedestrian areas; creating projects in community-gathering places; integrating public art in the City's long-term planning initiatives; and encouraging private financial participation in public art.

**Arts Grants and Cultural Development**

- ✓ To inform the arts and culture element of the *Envision San José 2040* General Plan update, the Office of Cultural Affairs will complete a cultural planning process in the summer of 2010. This cultural vision plan will develop a set of high level strategies to guide policy, investments and programs related to cultural development over the next decade.
- ✓ Total audience and participant tallies reported by the City's arts grantees at the end of 2008-2009 fell slightly overall. Early indicators are that participation remained fairly stable in 2009-2010.

**Special Events**

- ✓ "Signature" events in 2009-2010 included: the 2009 Rock 'n' Roll Half Marathon, the Amgen Tour of California, the LIVESTRONG Challenge, San José Jazz Festival, Cirque du Soleil, Cinequest, and San José International Mariachi Festival.
- ✓ In February 2010, the Special Events Program administered the agreement with Cirque du Soleil's American touring show "OVO" which was estimated to attract over 230,000 patrons.
- ✓ In May 2010, the Special Events Program produced the San José Cycling Classic, a multi faceted cycling event consisting of a criterium, tour ride, and the annual King of the Mountain Ride.
- ✓ Staff consolidation between the Office of Cultural Affairs and Parks, Recreation and Neighborhood Services for events production will continue the 2010 Christmas in the Park and Holiday Parade events in 2010 but require development of a transition plan resulting in a new production model for 2011, likely leveraging community partnerships.

*City Service Area*  
**Community and Economic Development**  
**ADOPTED BUDGET CHANGES**

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<b>CONVENTION FACILITIES</b>			
<i>Convention Facilities (Convention Facilities)</i>			
• Right-Sizing Convention Facilities Staffing	(42.00)	(2,787,400)	
<i>Subtotal</i>	(42.00)	(2,787,400)	0
<b>ECONOMIC DEVELOPMENT</b>			
<i>Arts and Cultural Development</i>			
• Public Art Program Staff Funding Realignment	(1.00)	(123,352)	(78,243)
• Arts and Cultural Contractual Services and Overtime Funding		(43,385)	(43,385)
• K-12 Arts Education Program Staffing Funding Reallocation		(11,759)	(119,561)
• Office of Economic Development Employee Total Compensation Reduction		(815)	(815)
• Arts Program Staff Funding Reallocation		0	(138,987)
<i>Business Development and Economic Strategy</i>			
• SJRA Budget Reduction - Office of Economic Development	(1.50)	(203,090)	(203,090)
• Office of Economic Development Employee Total Compensation Reduction		(96,854)	(96,854)
• Clean Tech Business Expansion Funding Reallocation		0	(48,692)
• work2future Administrative Support Funding Reallocation		0	(24,956)
• Non-Profit Platform/work2future Executive Management		2	6,416
• Development Services Project Manager	1.00	175,000	175,000
<i>Outdoor Special Events</i>			
• Office of Economic Development Employee Total Compensation Reduction		(41,484)	(41,484)
• Special Events Coordination Staffing	0.00	3,386	(30,631)
<i>Workforce Development</i>			
• Non-Profit Platform/work2future Executive Management	(1.00)	(156,713)	0
• Economic Development Management and Professional Employees Total Compensation Reduction		(38,333)	0
<i>Strategic Support (Office of Economic Development)</i>			
• SJRA Budget Reduction - Office of Economic Development	(0.50)	(56,051)	(56,051)
• Economic Development Management and Professional Employees Total Compensation Reduction		(49,698)	(49,698)
• Office of Economic Development Employee Total Compensation Reduction		(13,350)	(13,350)
<i>Subtotal</i>	(3.00)	(656,496)	(764,381)

*City Service Area*  
**Community and Economic Development**  
**ADOPTED BUDGET CHANGES**

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<b>FIRE</b>			
<i>Fire Safety Code Compliance</i>			
• Fire Development Fee Program	(2.00)	(474,970)	(368,178)
• Fire Department Employee Total Compensation Reduction		(143,374)	(143,374)
• Rebudget: FileNet Upgrade		51,578	51,578
<i>Strategic Support (Fire)</i>			
• Fire Development Fee Program	(3.00)	(242,416)	(242,416)
• Fire Department Employee Total Compensation Reduction		(13,699)	(13,699)
• Fire Administrative Staffing	0.11	15,678	15,678
<i>Subtotal</i>	(4.89)	(807,203)	(700,411)
<b>HOUSING</b>			
<i>Community Development and Investment</i>			
• Housing Department Management and Professional Employees Total Compensation Reduction		(5,293)	0
• Housing Production Program	1.00	109,270	0
• Housing Department Reorganization and Consolidation	0.50	48,403	0
<i>Increase the Affordable Housing Supply</i>			
• Housing Production Program	(3.00)	(544,471)	0
• Housing Department Reorganization and Consolidation	(0.50)	(66,463)	0
<i>Maintain the Existing Affordable Housing Supply</i>			
• Housing Department Reorganization and Consolidation	(1.00)	(154,548)	0
• Housing Overtime Funding		(10,000)	0
<i>Strategic Support (Housing)</i>			
• Housing Department Reorganization and Consolidation	(2.00)	(246,489)	0
• Housing Department Management and Professional Employees Total Compensation Reduction		(79,505)	0
<i>Subtotal</i>	(5.00)	(949,096)	0

*City Service Area*

**Community and Economic Development**  
**ADOPTED BUDGET CHANGES**

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<b>PLANNING, BUILDING AND CODE ENFORCEMENT</b>			
<i>Development Plan Review and Building Construction Inspection</i>			
• Planning, Building and Code Enforcement Department Employee Total Compensation Reduction		(562,710)	(562,710)
• Planning Fee Program	(0.20)	(9,146)	(9,146)
• Planning, Building and Code Enforcement Department Management and Professional Employees Total Compensation Reduction		(5,445)	0
• Vehicle Maintenance Staffing and Contractual Services		(3,140)	(3,140)
• Building Fee Program	12.70	1,621,150	1,621,150
• Rebudget: FileNet Upgrade		198,422	198,422
<i>Long Range Land Use Planning</i>			
• Planning, Building and Code Enforcement Department Employee Total Compensation Reduction		(17,135)	(17,135)
• Vehicle Maintenance Staffing and Contractual Services		(560)	(560)
• Rebudget: Annexation and Sign Code Update		102,500	102,500
• Special Long Range Planning Efforts	(1.50)	75,980	(29,392)
<i>Strategic Support (Planning, Building and Code Enforcement)</i>			
• Planning, Building and Code Enforcement Department Employee Total Compensation Reduction		(47,220)	(47,220)
<i>Subtotal</i>	11.00	1,352,696	1,252,769
<b>PUBLIC WORKS</b>			
<i>Regulate/Facilitate Private Development (Public Works)</i>			
• Public Works Development Fee Program	(8.08)	(917,408)	(917,408)
• Public Works Department Employee Total Compensation Reduction		(171,740)	(171,740)
• Special Assessment District Funding Reallocation		(18,704)	(18,704)
• Public Works Utility Fee Program	0.34	65,182	65,182
<i>Subtotal</i>	(7.74)	(1,042,670)	(1,042,670)
<b>REDEVELOPMENT AGENCY</b>			
<i>Strategic Support (Redevelopment Agency)</i>			
• Redevelopment Agency Employee Total Compensation Reduction		(125,379)	(125,379)
• Redevelopment Agency Management and Professional Employees Total Compensation Reduction		(43,759)	(43,759)
<i>Subtotal</i>	0.00	(169,138)	(169,138)
<i>Subtotal Core Services</i>	(51.63)	(5,059,307)	(1,423,831)
<b>OTHER CHANGES</b>			
<i>City-Wide Expenses</i>			
• Arena Authority		29,456	29,456
• Comprehensive General Plan Update		(140,000)	(140,000)
• Convention and Visitors Bureau Marketing Program		(277,000)	(277,000)

*City Service Area*  
**Community and Economic Development**  
**ADOPTED BUDGET CHANGES**

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<b>OTHER CHANGES (CONT'D.)</b>			
<i>City-Wide Expenses</i>			
• Evergreen Innovation Corridor		10,000	10,000
• Festivals, Parades, and Celebrations		(38,340)	(38,340)
• History San José		(50,000)	(50,000)
• San José Museum of Art School		(27,651)	(27,651)
• Sister Cities Program		(20,000)	(20,000)
• SJRA Budget Reduction - Small Business Chambers		(248,542)	(248,542)
• Sports Authority		(25,577)	(25,577)
• United States Figure Skating Championship		50,000	50,000
• Miscellaneous Rebudgets		2,903,682	2,903,682
<i>General Fund Capital, Transfers, and Reserves</i>			
• Transfers to Other Funds: Retiree Healthcare		119,026	119,026
• Earmarked Reserves: Concessions		654,113	654,113
• Earmarked Reserves: Rebudgets		3,185,523	3,185,523
<i>Subtotal Other Changes</i>	<b>0.00</b>	<b>6,124,690</b>	<b>6,124,690</b>
<b>Total Adopted Budget Changes</b>	<b>(51.63)</b>	<b>1,065,383</b>	<b>4,700,859</b>



**2010-2011**

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**OPERATING BUDGET**

**COMMUNITY AND  
ECONOMIC  
DEVELOPMENT  
CSA**

**CORE SERVICES**

# Service Delivery Framework

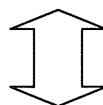
**CITY SERVICE AREA**  
A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

**MISSION STATEMENT**  
Why the CSA exists

## Community & Economic Development CSA

### *Mission:*

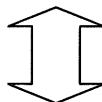
To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of employment and housing opportunities, and encourage a diverse range of arts, cultural, and entertainment offerings



### *Outcomes:*

- Strong Economic Base
- Safe, Healthy, Attractive and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings and Public Artworks

**CSA OUTCOMES**  
The high level results of service delivery sought by the CSA partners



**PRIMARY PARTNERS**  
Departments with Core Services that contribute to achievement of CSA Outcomes

**CORE SERVICES**  
Primary deliverables of the organization

### City Manager - Office of Economic Development

#### *Core Services:*

Arts and Cultural Development

Business Development and  
Economic Strategy

Outdoor Special Events

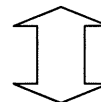
Workforce Development

### Planning, Building and Code Enforcement Department

#### *Core Services:*

Development Plan Review and  
Building Construction  
Inspection

Long Range Land Use Planning





# Service Delivery Framework

## Community & Economic Development CSA (Cont'd.)

**PRIMARY PARTNERS (CONT'D.)**  
Departments with Core Services that  
contribute to achievement of CSA  
Outcomes

**CORE SERVICES (CONT'D.)**  
Primary deliverables of the organization

### Convention Facilities Department

*Core Services:*

Convention Facilities

### Fire Department

*Core Services:*

Fire Safety Code Compliance

### Public Works Department

*Core Services:*

Regulate/Facilitate Private  
Development

### Redevelopment Agency\*

*Core Services:*

Enhance the Quality and Supply  
of the City's Housing Stock

Initiate and Facilitate Private  
Development

Initiate and Facilitate Public  
Facilities and Spaces

Promote and Implement  
Neighborhood Improvements  
Strategies

\* The San Jose Redevelopment Agency  
(SJRA) Core Service budgets are not part  
of the City's Operating Budget.

### Housing Department

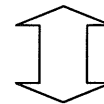
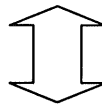
*Core Services:*

Community Development and  
Investment

Increase the Affordable  
Housing Supply

Maintain the Existing Affordable  
Housing Supply

**OPERATIONAL SERVICES**  
Elements of Core Services; the "front-line"  
of service delivery



**STRATEGIC SUPPORT**  
Organization-wide guidance and support  
to enable direct service delivery



**Convention Facilities Department**  
***Community and Economic Development CSA***

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**Core Service: Convention Facilities**

**Core Service Purpose**

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**T**o ensure that San José's Convention Center and Cultural Facilities are effectively managed, stimulate the local economy, and add value to customers, residents, workers, and businesses within the City of San José.

**Key Operational Services:**

- ☐ **Sales and Marketing**
- ☐ **Event Services**
- ☐ **Technical Services**
- ☐ **Food and Beverage Services**

- ☐ **Facility and Infrastructure Maintenance**
- ☐ **HVAC, Electrical, and Cogeneration Services**

**Performance and Resource Overview**

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**T**he Convention and Cultural Facilities (CCF), a campus comprised of the McEnery Convention Center, South Hall, Center for the Performing Arts (CPA), Parkside Hall, Civic Auditorium, Montgomery Theater, and California Theater, has been managed by Team San José (TSJ) since July 2004.

In January 2009, the City Council approved a new agreement between the City and TSJ for an additional five-year term with two three-year renewal options by the City for the management of the McEnery Convention Center and Cultural Facilities that began July 1, 2009 and will continue through June 30, 2014.

In January 2010, the City Council approved a status update report detailing a Plan of Finance for a proposed expansion and renovation of the Convention Center and to proceed with a Request for Proposal (RFP) design-build solicitation. The project scope as currently outlined contemplates 35,000 square feet of column-free ballroom, 25,000 square feet of flexible meeting room space, pre-function, food preparation and back of the house areas and systems to service the expansion space, installation of a new central plant and demolition of the former Martin Luther King Jr. Library. The estimated cost of the renovation and expansion work is approximately \$130 million.

The project plan does anticipate that TSJ's operating revenues, City Transient Occupancy Tax (TOT) revenues, and City Sales Tax will be negatively impacted by expansion related construction activities. The impacts are anticipated to include a decline in occupied hotel room nights; a reduction in TSJ's operating revenue due to fewer events at the Convention Center; and a consequent reduction in spending by event participants.





# Convention Facilities Department Community and Economic Development CSA

## Core Service: Convention Facilities

### Performance and Resource Overview (Cont'd.)

In addition to the project-related revenue impacts, TSJ operating revenues, delegate spending, total events booked, and hotel room night bookings are being negatively impacted by the general downturn in the economy.

An important consideration surrounding the financial feasibility of the proposed Convention Center expansion and renovation remains the ability of the TOT Fund to support TSJ operations (through a transfer to the Convention and Cultural Affairs Fund) through the proposed construction period revenue dip. Approximately one half of the total TOT receipts credited to the TOT Fund are currently transferred to the Convention and Cultural Affairs Fund. As detailed in the TOT writeup in the Selected Special Fund Summaries section of this document, TOT revenues have experienced two years of significant declines, limiting the ability to support TSJ operations at the current level. In response to lower than previously experienced TSJ operating and TOT revenue levels, TSJ continues to identify ways to reduce costs on an ongoing basis and maintain a positive cash position in the Convention and Cultural Affairs Fund. Over the course of the last two years, TSJ has reduced over 25% of their workforce and reduced salaries and benefits by more than 11% in response to the changing economic climate. This budget includes the elimination of 42 City positions that support TSJ operations, generating savings of \$3.4 million in 2010-2011. The eliminated positions were associated with unpredictable activity levels, whereas the positions being retained perform facility maintenance and operation duties which are more predictable and continuous in nature. An addition of \$647,000 to the non-personal/equipment allocation is included in this budget to account for episodic spikes in event demand, when variable staff may be required during the expansion period. This augmentation will partially offset the savings generated through the elimination of permanent staff. With the changes approved in this budget, the Convention and Cultural Affairs Fund, barring any further unanticipated revenue declines or expenditure increases, is anticipated to remain financially stable through the expansion period.

Convention Facilities Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
 Gross Revenue	\$11.6M	\$16.5M	\$17.0M	\$13.8M
 Gross Operating Profit	(\$5.4M)	(\$6.8M)	(\$5.8M)	(\$7.1M)
 Economic Impact				
Attendee Days By Type of Visitor:				
- Local/Social	1,071,051	875,000	881,080	807,000
- Out of Town	94,857	65,000	58,127	40,000
- Exhibitors	15,531	13,250	7,631	6,000
 % of customers that would return to San José again, based on service provided*	N/A	95%	96%	92%

*Changes to Performance Measures from 2009-2010 Adopted Operating Budget: No*

\* This performance measure was revised in 2009-2010 and approved by the City Council on December 8, 2009.

**Convention Facilities Department**  
**Community and Economic Development CSA**

**Core Service: Convention Facilities**

**Performance and Resource Overview (Cont'd.)**

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of events at Convention Center and Theaters	340	220	290	226
Performance days at Theatres	338	275	338	312
Delegate Expenditures (\$)	\$118M	\$89M	\$89M	\$65M
Hotel Rooms Booked by Team San José	204,562	180,000	182,000	200,000

*Changes to Activity and Workload Highlights from 2009-2010 Adopted Operating Budget: No*

Convention Facilities Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 6,686,700	\$ 5,151,173	\$ 5,317,209	\$ 1,883,068	(63.4%)
Non-Personal/Equipment	8,551,472	15,301,134	16,250,615	16,897,356	10.4%
<b>Total</b>	<b>\$ 15,238,172</b>	<b>\$ 20,452,307</b>	<b>\$ 21,567,824</b>	<b>\$ 18,780,424</b>	<b>(8.2%)</b>
<b>Authorized Positions</b>	<b>85.75</b>	<b>56.00</b>	<b>56.00</b>	<b>14.00</b>	<b>(75.0%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Budget Changes By Core Service\*\***

Adopted Core Service Changes	Positions	All Funds (\$)
1. Right-Sizing Convention Facilities Staffing	(42.00)	(2,787,400)
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>(42.00)</b>	<b>(2,787,400)</b>

\*\* Detailed information regarding this budget change can be found in the City Departments section of this document.

# City Manager – Office of Economic Development

## *Community and Economic Development CSA*

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Core Service: Arts and Cultural Development

### Core Service Purpose

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**T**o develop and manage resources that support and build a diverse array of opportunities for cultural participation, cultural vibrancy and cultural literacy.

#### Key Operational Services:

- |   |   |
|---|---|
| <input type="checkbox"/> <b>Arts/Festival Grants and Assistance</b>                               | <input type="checkbox"/> <b>Public Art Master Plan Implementation/Inter-Agency Coordination</b> |
| <input type="checkbox"/> <b>Cultural Planning, Policy and Initiatives/Arts Commission Support</b> | <input type="checkbox"/> <b>Public Art Project Management</b>                                   |

### Performance and Resource Overview

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**T**his core service supports the *Range of Quality Events, Cultural Offerings, and Public Artworks* outcome through cultural development strategies including grant funding and technical assistance to a diverse range of arts and cultural organizations, facilitation of arts education opportunities, and a public art program enhancing public and private spaces throughout the City. The Office of Cultural Affairs (OCA) manages the City's arts-related programs and coordinates with City agencies to unify the City's arts and cultural development efforts.

#### Arts/Festival Grants and Assistance

Arts and cultural organizations are valuable San José assets; their programs engage and involve residents and visitors on many levels and increase the City's attractiveness. The organizations spend money; hire employees and purchase goods, having positive direct and indirect effects on job generation, household incomes, and tax revenues. The outcome is a thriving community of cultural providers, significantly increasing the City's cultural and economic vitality.

The OCA facilitates the development of the cultural sector through a variety of strategies and activities. Awarded through a competitive process, arts and cultural grants fall under the *Cultural Funding Portfolio: Investments in Art, Creativity and Culture*. This program awards and administers over 80 grants annually to non-profit organizations that present or produce arts programming and festivals throughout the City. The OCA also supports arts organizations in maintaining their financial stability through periods of organizational change and transition. Other cultural development strategies include non-profit organizational development and technical assistance efforts, and fostering partnerships between the City and cultural sector including art organizations, event producers, artists, educators, creative businesses, and participants.

Arts and cultural programs rely almost entirely on the Transient Occupancy Tax (TOT) revenues for their support. The current recession has severely impacted hotel occupancies and the planned

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

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**Core Service: Arts and Cultural Development**

**Performance and Resource Overview (Cont'd.)**

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**Arts/Festival Grants and Assistance (Cont'd.)**

Convention Center expansion will also negatively impact TOT resources in the short-term. Arts and cultural organizations are seeing significant reductions in their contributions as individual, corporate, and foundation giving is reduced. Many organizations are also experiencing declines in revenues due to reductions in audiences as a result of the recession. To mitigate these impacts and ensure that we sustain a vital arts and cultural infrastructure, the City Council authorized the creation of the Arts Grants Multi-Year Stabilization Fund, which designated over \$1 million in one-time General Fund funding to supplement grants over the five-year period beginning in 2009-2010.

In 2009-2010, the Creative Entrepreneur Project strengthened San José as a center of innovation, making it an opportunity-rich community for artists of all disciplines. Following an extensive needs assessment and recommendations in 2008-2009, several strategies were implemented, including the broad-based Business of Art and Public Art Academy trainings, scholarships, small grants, and web-based resources for creative businesses and professionals. The project has opened avenues of communication for the City with area artist communities and San José artist-entrepreneurs.

Recognizing the strong relationship between community development, economic development and the arts, San José has made a long-term investment in cultural development, fostering a vital community of non-profit arts and cultural organizations, artists, and arts-related businesses.

**Arts Education**

*Arts Express*, the City's major arts exposure program for schoolchildren, provided nearly 28,000 arts learning experiences in 2009-2010. OCA, Parks, Recreation and Neighborhood Services (PRNS), and Library staff developed an arts education strategic plan to focus City support for arts education in the classroom and lifelong learning in the arts through an interdepartmental portfolio of arts programs. A draft strategic plan was completed in 2008-2009 and a program design and test-of-concept phase was completed in 2009-2010. Key components of the strategy include PRNS's community classes, branch library programs, enhancement of arts-learning opportunities in the City's gang prevention efforts, improving support for artist residencies in school and community settings, and enhancements to *Arts Express*.

The OCA Arts Education program, including *Arts Express* and 1.0 Senior Arts Program Coordinator are scheduled for elimination in 2011-2012. In 2010-2011, the position will be reallocated to the Gift Trust Fund. Due to the number of schools, students, and arts organizations that have benefited from the program during its 31 years of existence it is anticipated that a significant impact will be felt in 2011-2012. In anticipation of this reduction, outreach will be conducted with key stakeholders and program participants over the next year to explore an alternative service delivery model within the community.

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

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**Core Service: Arts and Cultural Development**

**Performance and Resource Overview (Cont'd.)**

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**Cultural Planning, Policy, Initiatives and Arts Commission Support**

In order to create the arts and culture element of the *Envision San José 2040* General Plan Update, OCA launched a cultural planning process in 2009-2010. The anticipated outcome of this year long process, which has involved over 800 participants through individual, focus group, and town hall meetings as well as a public survey, is a set of strategic goals that will align and prioritize City and community strategies, resources, and investments for cultural development over the next decade. The plan is anticipated for completion and presentation to the City Council in early 2010-2011.

The OCA provides support to the 13 member City Council-appointed Arts Commission and its two subcommittees, the Executive Committee, and the Public Art Committee. Staff supports the monthly meetings and special activities of the Commission. The role of the Commission is to encourage the full artistic life of the City's culturally diverse community and advise the City Council on matters related to arts policy, arts grants funding, and public art.

**Public Art**

*Public Art NEXT!*, San José's Public Art Master Plan, established key priorities for innovative public art in San José: incorporating public art in high-traffic transportation corridors and pedestrian areas; creating projects in community-gathering places; integrating public art in the City's long-term planning initiatives; and encouraging private financial participation in public art. The three regional destination areas for public art include Downtown, North San José, and the Airport. In 2009-2010, OCA completed integrating the Airport Art and Technology program at Norman Y. Mineta San José International Airport and initiated three key elements of the Downtown Public Art Focus plan: the commissioning of changing artworks, arts planning for the planned Diridon multi-modal station, including conceptual design work for the iconic *Climate Clock* public art project proposed for the Diridon area.






In addressing transportation corridors and pedestrian areas, OCA developed a plan to create an Alum Rock Cultural History Corridor public art project and commissioned its first two elements. The Public Art Program also began collaborations with the Environmental Services Department, commissioning interpretive artwork elements at the Water Pollution Control Plant, commissioning a Photographer in Residence to document the work of the Plant, commissioning an artist to collaborate with the design team for the Environmental Innovation Center, and selecting an artist for the Water Pollution Control Plant master plan team.

In 2009-2010, OCA co-sponsored a public artist training project with other Bay Area cities, sponsoring Public Art Academy, a series of six classes that trained 50 San José and Bay Area artists in public art practice. In addition, OCA continued its efforts to build partnerships with local businesses and institutions to support the Art and Technology public art program at the Airport, and was awarded \$100,000 by the Adobe Foundation.

**City Manager – Office of Economic Development**  
**Community and Economic Development CSA**

**Core Service: Arts and Cultural Development**

**Performance and Resource Overview (Cont'd.)**

<b>Arts and Cultural Development Performance Summary</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Target</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Target</b>
 % of San José students (grades K-12) participating in OCA-sponsored arts education programs	22%	15%	20%	20%
 % of public art works that are in good to excellent condition based on their physical and operational condition	90%	90%	90%	90%
 Total OCA grant awards	\$3.02 million	\$2.57 million	\$2.57 million	\$2.30 million
 Ratio of OCA support to all other revenue sources for OCA-supported cultural organizations	\$1:\$13	\$1:\$12	\$1:\$12	\$1:\$10
 % of funded cultural organizations rating funding process good to excellent based on responsiveness, timeliness, and integrity	N/A	80%	75%	75%

*Changes to Performance Measures from 2009-2010 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2009-2010 Adopted Budget:

- U “Ratio of City support to all other revenue sources for City-supported cultural organizations” was revised to clarify that data is specific to OCA.
- U “Grant expenditure per attendee” was revised to “Total OCA Grant Awards” as the attendee data was unreliable, based on unaudited attendance data, and the total grant award gives a better sense of the scope of this program.
- X “# of students served by arts education” was eliminated as it was a duplicative measure, reported in the below Activity and Workloads Highlight section.
- X “% of change in attendance at grant funded programs compared to previous year %” was eliminated due to the unreliability of the attendance data.
- X “% of residents rating City efforts at supporting a diverse range of arts and cultural activities in the City as good or excellent” was eliminated from the Core Service as it was duplicative, and will now only be displayed in the City Service Area section.

<b>Activity &amp; Workload Highlights</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Forecast</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Forecast</b>
Number of students served by arts education	28,830	22,000	28,000	25,000
Number of arts and cultural grants awarded and monitored	155	115	174	170
Number of City-funded cultural organizations	66	52	84	84
Attendance at Grantee Programs	2,155,332	1,511,500	3,000,000	2,700,000
Number of Public Artworks in collection	232	252	252	253

*Changes to Activity & Highlights from the 2009-2010 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Activity and Workload Highlights from 2009-2010 Adopted Budget:

- U “Number of arts grants awarded and monitored” was revised to “arts and cultural grants” to clarify the type of grants included.
- X “Grant expenditures” was eliminated as the data was unreliable, and the new “Total OCA Grant Awards” data above will provide a more succinct description of the program’s annual scope.
- X “% of ethnic groups represented in grants program” was eliminated because diversity of ethnic groups is not a criteria for grant awards.



**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

**Core Service: Arts and Cultural Development**

**Performance and Resource Overview (Cont'd.)**

<b>Arts and Cultural Development Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Core Service Budget *</b>					
Personal Services	\$ 1,959,110	\$ 1,755,176	\$ 1,692,252	\$ 1,512,941	(13.8%)
Non-Personal/Equipment	259,642	226,951	226,951	226,951	0.0%
<b>Total</b>	<b>\$ 2,218,752</b>	<b>\$ 1,982,127</b>	<b>\$ 1,919,203</b>	<b>\$ 1,739,892</b>	<b>(12.2%)</b>
 <b>Authorized Positions</b>	 <b>14.00</b>	 <b>12.00</b>	 <b>12.00</b>	 <b>11.00</b>	 <b>(8.3%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Budget Changes By Core Service\*\***

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. Public Art Program Staff Funding Realignment	(1.00)	(123,352)	(78,243)
2. Arts and Cultural Contractual Services and Overtime Funding		(43,385)	(43,385)
3. K-12 Arts Education Program Staffing Funding Reallocation		(11,759)	(119,561)
4. Office of Economic Development Employee Total Compensation Reduction		(815)	(815)
5. Arts Program Staffing Funding Reallocation		0	(138,987)
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>(1.00)</b>	<b>(179,311)</b>	<b>(380,991)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

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**Core Service: Business Development and Economic Strategy**

**Core Service Purpose**

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**P**romote business by providing assistance, information, access to services, and development permit facilitation.

**Key Operational Services:**

- |   |   |
|---|---|
| <input type="checkbox"/> <b>Economic Development Strategy</b> | <input type="checkbox"/> <b>International Programs</b>          |
| <input type="checkbox"/> <b>Corporate Outreach</b>            | <input type="checkbox"/> <b>Retail Attraction and Retention</b> |
| <input type="checkbox"/> <b>Small Business Assistance</b>     | <input type="checkbox"/> <b>Revenue Generation</b>              |

**Performance and Resource Overview**

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**T**he Office of Economic Development (OED) manages a comprehensive economic development strategy designed to strengthen San José's economy and create an environment where entrepreneurs and innovative companies flourish. Strategy goals are to grow the economy, regain jobs, expand the City's tax base, and increase economic opportunity for residents. OED provides assistance to driving industries, retailers, and small businesses city-wide. The Business Development and Economic Strategy Core Service contributes to the Community and Economic Development CSA Outcome: *Strong Economic Base* by advancing the City Council priorities of reducing current budget shortfalls, eliminating the City's structural deficit and increasing economic vitality.

**Business Attraction/Expansion Assistance**

OED helps companies interested in expanding or locating in San José, including companies supported by the San Jose Redevelopment Agency, by identifying sites, providing incentive and zoning information, and coordinating the work of other City departments through the development process. During 2009-2010 OED staff facilitated a wide range of expansion and relocation efforts that included BD Biosciences, Capitol Mazda, Capitol Honda, Graebel Moving Systems, Underwriter's Laboratory, Lowe's, Harmonic, Target, Autosense, and Zanker Road Biogas. OED manages client relationships with large employers with headquarters or large facilities in San José like Cisco Systems, eBay, IBM, and Hitachi Global Systems.

OED facilitates the Special Tenant Improvement, Industrial Tool Installation, and Small Business Ambassador programs to support companies such as SoloPower, SunPower, Novellus, and Philip Lumileds through the development process.

OED also advances special City projects that bring business and job growth, such as the Airport West development with a Major League Soccer Stadium and 56 acres of new commercial/office and R&D new construction, and the McEnery Convention Center expansion.

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

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**Core Service: Business Development and Economic Strategy**

**Performance and Resource Overview (Cont'd.)**

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**Business Attraction/Expansion Assistance (Cont'd.)**

OED manages the new Business Cooperation Program, a sales and use tax enhancement program, by partnering with companies to properly file sales taxes paid on equipment. Discussions with the Valley Transit Authority, Maxicrete, and Good Samaritan Hospital generated an estimated \$175,000 in additional revenue to the City.

In addition, OED supports start-up and growth of small businesses. OED manages BusinessOwnerSpace.com (BOS), a virtual small business network connecting federal, State, local, and non-profit service providers to provide one-stop shopping for the 50,000 small businesses and thousands of entrepreneurs in San José. Further detail on OED's small business services programs is provided in the Workforce Development Core Service section.

OED leads the City's national/international strategic communications so that corporate decision-makers, investors, media, and officials receive a compelling, consistent message about San José's achievements, assets, and initiatives to attract investment leads, resources, and project partners.

The elimination of two positions in the Office of Economic Development will result in reduced capacity for the performance of general economic development activities, including project coordination and site selection research, in support of retail and industrial development and corporate outreach. As much as possible these activities will be absorbed by the remaining economic development professional staff.

Included in the Mayor's 2010-2011 June Budget Message is the addition of a limit-dated Development Services Project Manager that will provide additional resources dedicated to ensuring that high level, revenue and job generating development projects proceed through the approval process as quickly as possible. Additional responsibilities of the project manager will include developing recommendations for both technological improvements and interdepartmental streamlining, and serving as a primary point of contact throughout the development process.

**Economic Strategy, Policy and Analysis**

In 2009, OED initiated an update to the City's comprehensive Economic Strategy, adopted in 2003, to ensure that San José is prepared to benefit from eventual national economic recovery. This was a collaborative effort involving the San Jose Redevelopment Agency; the Departments of Planning, Building, and Code Enforcement; Transportation; Airport; and Housing. The Strategy update involved new research and data analysis, stakeholder outreach (including 14 focus groups), and feedback from an Expert Advisory Group of outside economic experts and major local stakeholder organizations. The draft Economic Strategy includes 12 Strategic Goals and an implementation work plan identifying the "Top 10" actions for 2010.

To implement the Strategy, OED received City Council approval of key incentives to jumpstart business activity in San José, including business tax suspension for small businesses and Downtown

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

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**Core Service: Business Development and Economic Strategy**

**Performance and Resource Overview (Cont'd.)**

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**Economic Strategy, Policy and Analysis (Cont'd.)**

parking incentives for businesses securing new leases and a proposed new tool of net new tax sharing.

OED leads implementation of the Clean Tech Strategy of the City's Green Vision to grow 25,000 core clean tech jobs (Green Vision Goal #1), and helps connect other elements of the Green Vision to businesses and entrepreneurs. Efforts include applying for a \$4 million grant from the federal Economic Development Administration to construct the Innovation Center at Las Plumas. OED is collaborating with a Bay Area consortium of governments, labs and education institutions on an energy efficient building technologies grant in excess of \$130 million to compete for the first federally funded Energy Regional Innovation Cluster (E-RIC) in the United States. OED contributed language for Senate Bill 71 which provides sales tax exemptions to clean technology companies for manufacturing equipment. OED's work to catalyze conversation among industry partners and City staff around Green Vision implementation and clean technology demonstration is ongoing.

OED is involved in city-wide planning and policy efforts to ensure they are grounded in appropriate economic analysis and business perspective. These include updates for the Comprehensive General Plan, the Water Pollution Control Plant Master Plan that will result in buffer lands available for development, ordinance development for private-sector green buildings, and sign code ordinance. OED also manages special economic analyses on behalf of the City. In 2010, this included the economic impact analysis for a potential professional league baseball stadium.

OED initiated the city-wide Regional Influence Team, a strategic interdepartmental effort to increase San José's effectiveness in using regional agencies/forums to advance City goals and secure financing from regional, state, and national sources. The targeted regional agencies include the Metropolitan Transportation Commission (MTC), Association of Bay Area Governments (ABAG), Bay Area Air Quality Management District (BAAQMD)/Air Resources Board (ARB), and Regional Water Quality Control Board (RWQCB). Accomplishments include: successfully changing ABAG's Projections 2009 to increase jobs allocated to San José, increasing San José's share of federal discretionary funds through MTC from 4% to 22%, and securing the appointment of a City Councilmember to the BAAQMD board, representing the Santa Clara County Association.

**Downtown Management**

Over the past decade, the City worked to continuously improve Downtown San José. OED staff helped shape new initiatives and now leads implementation and coordination of the Entertainment Zone Policing Model, Public Safety Cost-Sharing, Downtown Zoning Overlay, Promoters Ordinance, and recommendations in the Hospitality Zone Assessment Report.

OED staff serves as the City liaison to the Downtown business and entertainment community, to assist in the resolution of conflicts and clarify procedures and ordinances. OED works with

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

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**Core Service: Business Development and Economic Strategy**

**Performance and Resource Overview (Cont'd.)**

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**Downtown Management (Cont'd.)**

regulatory agencies to organize regular training for the Police Department and business owners and managers; coordinates and oversees analysis of existing procedures, policies, and data; and proposes new policies and ordinances. OED provides policy direction to the City Manager's Downtown Advisory Committee and leads the City's internal Joint Coordination Team of the City Manager's Office, the Police and Fire Departments, and all divisions of the Planning, Building and Code Enforcement Department.

OED staff partners with the San Jose Redevelopment Agency on downtown initiatives such as the Diridon Station Area Good Neighbor Committee. OED also oversees the contract with Team San José, who operates and manages the San José Convention Center and Visitors Bureau, and serves as the City's liaison to 1stACT Silicon Valley, which helps advance "small wonders" and "big deals" to make Downtown San José Silicon Valley's City Center.

**International Business Relations**

International business activity, including attracting foreign investment, care of existing foreign companies, and international trade/business partnerships, is an integral part of San José's economy. To facilitate international economic development opportunities in San José, OED interacts regularly with foreign embassies/consulates, trade and investment offices, and foreign-owned companies located in San José as well as prospects seeking the United States market. In 2009, OED developed a partnership with OCO Global to identify potential investment projects from Europe. In the first 12-months more than 18 leads were pursued and San José's "foreign investor proposition" for the clean tech sector was honed. One company, Skyscan, has already set up business in San José. OCO Global recently started recruiting investors from India. Through the OCO Global relationship, OED hosted a briefing that included the U.S. Department of Commerce on the significant opportunities for San José Silicon Valley businesses to serve green building markets in Europe.

During 2009-2010, regional interest in establishing Foreign Trade Subzones through the City increased. OED staff activated a Subzone with Space Systems/Loral and two other companies submitted applications. Each activated Subzone generates an annual payment to the City.

OED also manages the City's relationship with San José's seven sister cities and with other global regions that align with the city's economic development priorities. OED recently assisted the opening of the Irish Innovation Center in Downtown San José, which will house 20-30 Irish companies.

**City Manager – Office of Economic Development**  
**Community and Economic Development CSA**



**Core Service: Business Development and Economic Strategy**

**Performance and Resource Overview (Cont'd.)**

**Non-Profit Strategic Engagement Platform**

The Non-Profit Platform is an inter-departmental effort, led by the Office of Economic Development, focusing on enhancing the oversight and impact of the nearly \$35 million provided by the City to over 300 non-profits for a variety of services as well as another \$3.25 million provided to non-profits to operate and maintain City-owned facilities. The centerpiece of the Non-Profit Platform is an “early warning system” allowing staff to detect non-profits in financial distress and at-risk of not fulfilling their contractual and service delivery obligations. Platform support includes:

- organizational assessments and technical assistance for strategic non-profits;
- development and implementation of staff training programs in the areas of contract preparation, administration and monitoring;
- staff capacity building and technical support for reviewing non-profits’ financial statements and developing corrective action plans; and
- ongoing policy development and facilitation with Senior/Executive Staff and Departmental program managers regarding joint problem solving and best practice dissemination.

<b>Business Development and Economic Strategy Performance Summary</b>		<b>2008-2009 Actual</b>	<b>2009-2010 Target</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Target</b>
	Number of jobs created or retained by assisted companies	4,900	10,000*	5,000*	6,000
	Ratio of tax revenues (e.g. property, sales, utility, and transient occupancy tax) generated by assisted companies per OED expenditure	6:2**	6:1**	6:3**	7:1

*Changes to Performance Measures from 2009-2010 Adopted Budget: Yes<sup>1</sup>*

\* With the world financial markets tightening, several forecasted projects have either been delayed or halted, thus lowering anticipated job counts.

\*\* Delayed revenue generation combined with increased expenditures lower this ratio.

<sup>1</sup> Changes to Performance Measures from 2009-2010 Adopted Budget:

U “Ratio of Sales/Use Tax revenues generated by assisted companies per OED expenditure” was revised to “Ratio of tax revenues (e.g. property, sales, utility, and transient occupancy tax) generated by assisted companies per OED expenditure” to more accurately align the measure reported in the Community and Economic Development Overview section in this document and accurately reflect the data included in the performance measure.

X “Number of jobs created or retained by chambers of commerce assisted companies” was eliminated due to the irregular timeliness of data and unreliable methodology and data.

X “Percent increase in dollars lent through the Revolving Loan Program (RLF)” was eliminated. This program has transitioned to the Housing Department.

X “Percentage of requests for assistance responded to within one work day” was eliminated as the results are difficult to measure and have limited value.

X “Percentage of customers rating quality of assistance provided as good or excellent” was eliminated due to a low response rate from surveys combined with limited usefulness.

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

**Core Service: Business Development and Economic Strategy**

**Performance and Resource Overview (Cont'd.)**

<b>Activity &amp; Workload Highlights</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Forecast</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Forecast</b>
Number of companies receiving permitting assistance	58	65	30	60
Number of meetings with foreign firms regarding operating in San José	20	25	25	30

*Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Activity and Workload Highlights from 2009-2010 Adopted Budget:

- ✗ "Sales/Use Tax revenues generated by OED actions" was eliminated to avoid duplicative data reporting with other existing performance measures.
- ✗ "\$'s made available to San José businesses" was eliminated as this program was transitioned to the Housing Department and is currently under review.
- ✗ "Number of job placements resulting from Enterprise Zone vouchers" was eliminated as this program was transitioned to the San Jose Redevelopment Agency in 2008-2009.

<b>Business Development and Economic Strategy Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Core Service Budget *</b>					
Personal Services	\$ 1,868,301	\$ 2,023,530	\$ 2,027,834	\$ 1,902,891	(6.0%)
Non-Personal/Equipment	325,732	244,494	244,494	244,495	0.0%
<b>Total</b>	<b>\$ 2,194,033</b>	<b>\$ 2,268,024</b>	<b>\$ 2,272,328</b>	<b>\$ 2,147,386</b>	<b>(5.3%)</b>
<b>Authorized Positions</b>	<b>12.90</b>	<b>12.20</b>	<b>12.10</b>	<b>11.60</b>	<b>(4.9%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

**Core Service: Business Development and Economic Strategy**

**Budget Changes By Core Service\*\***

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. SJRA Budget Reduction - Office of Economic Development	(1.50)	(203,090)	(203,090)
2. Office of Economic Development Employee Total Compensation Reduction		(96,854)	(96,854)
3. Clean Tech Business Expansion Funding Reallocation		0	(48,692)
4. work2future Administrative Support Funding Reallocation		0	(24,956)
5. Non-Profit Platform/work2future Executive Management		2	6,416
6. Development Services Project Manager	1.00	175,000	175,000
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>(0.50)</b>	<b>(124,942)</b>	<b>(192,176)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.



**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

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**Core Service: Outdoor Special Events**

**Core Service Purpose**

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**T**o attract, coordinate, support and produce outdoor special events on public and private property, and manage supporting programs.

**Key Operational Service:**

- ☐ **Outdoor Event Authorization, Coordination, and Promotion**

**Performance and Resource Overview**

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**T**his core service supports the *Strong Economic Base* and *Range of Quality Events, Cultural Offerings, and Public Artworks* outcomes. Housed in the Office of Cultural Affairs (OCA), a division of the Office of Economic Development (OED), the Special Events Program leads inter-departmental teams to support the attraction, coordination, and production of events to drive economic impact and enhance community vitality. This program permits and authorizes all outdoor special events on public and private property throughout City neighborhoods; coordinates the delivery of services from multiple City departments to support events; develops policies, regulations, and ordinances related to special events; takes a lead role in event sponsorship development; and administers the Outdoor Banner program. The OCA also assists local and national event producers, consulting on a broad range of event planning issues. It is estimated that 368 events were supported and patronized by nearly 825,600 residents and visitors in 2009-2010. Nearly all of the events (96.7%) were sponsored by non-profit organizations. The downturn in the economy has affected the number of events produced by event organizers and the number of attendees participating in outdoor special events.

In 2009-2010, the OCA continued to elevate the City's level of planning and coordination services in response to the challenges of increasingly complex "signature" events and the large number of participants that they attract. Three events held in 2009-2010 – the *LIVESTRONG Challenge*, *Rock 'n' Roll Half Marathon*, and the upcoming *Amgen Tour of California* – bring both professional and amateur athletes from around the world and thousands of visitors to San José. The OCA also negotiated and administered a lease agreement with Cirque du Soleil America, Inc. for the touring show of "OVO." An estimated 230,000 attendees attended the performance located at the Taylor Street Bridge location.

A key challenge for this core service is the number, size, and complexity of events and the extensive outreach and coordination required to incorporate them successfully into normal business and neighborhood activity. Many large-scale signature events, such as the *Amgen Tour of California*, *LIVESTRONG Challenge* and *Rock 'n' Roll Half Marathon*, are conducted on miles of City streets running through neighborhoods and business districts as well as on county roads.

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

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**Core Service: Outdoor Special Events**

**Performance and Resource Overview (Cont'd.)**

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The OCA designs and produces the *San José Cycling Classic* featuring the fourth annual *San José King-of-the-Mountain Ride*, *ViaVelo: Urban Free-wheelin' Fun* event and related cycling events including lectures and movies surrounding the *Amgen Tour of California* professional cycling stage race.

Part of the staff and service reductions for 2009-2010 included elimination of OCA's service as the central billing agency for outdoor special events. As of December 2009, each individual department that provides services for outdoor special events is responsible for direct billing for their staff services. The decentralization of billing for events impacts the ability to track the costs for outdoor special events. Event organizers are invoiced for the cost of event-day City services such as traffic management, inspections, street closure equipments, and park use. The City also elects to enter into agreements with "signature" events in order to establish key events in the community and drive economic impact, in return for some level of City support. Overall, Transient Occupancy Tax and sales tax revenues, parking fees and other economic impact derived from many of these outdoor special events continue to exceed the net cost to the City for providing event-day services.




The elimination of a full-time Senior Events Coordinator in 2010-2011, coupled with the elimination of a full time Senior Events Coordinator in February 2010, will significantly reduce the number of events that can be coordinated through the OCA. The projected impact is a reduction in the number of events that could occur during a given time period, increased community impacts, and events occurring without centralized oversight and coordination. In addition, a Marketing/Public Outreach Manager will be transferred from the Parks, Recreation and Neighborhood Services Department (PRNS). The position will focus on transitioning the Christmas in the Park and Holiday Parade events to a community-produced model now under the direction of the Office of Cultural Affairs in the Office of Economic Development.

The economic recession, declining event sponsorships and the concerns raised by event organizers over the high, rising and uncertain City service and permit costs resulted in a year long analysis of the charges and fees associated with the production of outdoor special events. A package of initiatives was developed that include both cost reduction and revenue generation strategies. Approved strategies will be implemented in 2010-2011.

**City Manager – Office of Economic Development**  
**Community and Economic Development CSA**

**Core Service: Outdoor Special Events**

**Performance and Resource Overview (Cont'd.)**

<b>Outdoor Special Events Performance Summary</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Target</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Target</b>
 Ratio of City grant funding to all other event revenue sources for City sponsored events	\$1:\$15	\$1:\$15	\$1:\$18	\$1:\$15
 % of event organizers rating City services good to excellent based on safety and planning	93%	91%	91%*	90%*
 % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	46%	45%	46%*	45%*

*Changes to Performance Measures from 2009-2010 Adopted Budget: Yes<sup>1</sup>*

\* Data collected in the 2009 Community Survey. The next survey will be deferred for two years due to budgetary constraints.

<sup>1</sup> Changes to Performance Measures from 2009-2010 Adopted Budget:

- "Ratio of City grant funding to all other revenue sources" was revised to "Ratio of City grant funding to all other event sources for City sponsored events" to provide language clarification, reflect an adjustment to the methodology used, and provide more reliable and useful information.
- "% of event organizers rating City services and facilities good to excellent based on safety and planning" was revised to exclude "facilities" providing language clarification and a more accurate and useful measure.
- ✗ "Net cost of City services per 1,000 event attendees" was eliminated due to unreliable data.
- ✗ "% of events billed within 30 days of cost determination" was eliminated to streamline the measures tracked due to its limited value.
- ✗ "% of event attendees rating events good to excellent based on quality, safety and accessibility" was eliminated due to unreliable data and an unsustainable methodology.

<b>Activity &amp; Workload Highlights</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Forecast</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Forecast</b>
# of outdoor special events coordinated	427	336	368	347
# of event attendees	1,672,405	1,884,298	825,600	775,000
Grant funding for special events	\$391,086	\$342,600	\$331,669	\$275,683
# of non-profit sponsored events	350	289	356	289

*Changes to Activity & Workload Highlights from the 2009-2010 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Activity and Workload Highlights from 2009-2010 Adopted Budget:

- "# of events held on public and private property" was revised to "# of outdoor special events coordinated" to more accurately align the measure with data collected and provide increased value in the significance of the results.
- ✗ "Cost of City services (for special events)" was eliminated in an effort to streamline the measures tracked due to its unsustainable methodology. Billings for events have been decentralized and, therefore, the compilation of this data is no longer sustainable.
- ✗ "Recovered Cost" was eliminated due to its unsustainable methodology.

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

**Core Service: Outdoor Special Events**

**Performance and Resource Overview (Cont'd.)**

<b>Outdoor Special Events Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Core Service Budget *</b>					
Personal Services	\$ 636,713	\$ 608,056	\$ 565,148	\$ 527,050	(13.3%)
Non-Personal/Equipment	57,655	56,984	56,984	56,984	0.0%
<b>Total</b>	<b>\$ 694,368</b>	<b>\$ 665,040</b>	<b>\$ 622,132</b>	<b>\$ 584,034</b>	<b>(12.2%)</b>
<b>Authorized Positions</b>	<b>5.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>0.0%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Budget Changes By Core Service\*\***

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. Office of Economic Development Employee Total Compensation Reduction		(41,484)	(41,484)
2. Special Events Coordination Staffing	0.00	3,386	(30,631)
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>0.00</b>	<b>(38,098)</b>	<b>(72,115)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

# City Manager – Office of Economic Development *Community and Economic Development CSA*

## Core Service: Workforce Development

### Core Service Purpose

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**A**ssist businesses in hiring a quality workforce through assessment, supportive services, and employability skills training.

#### Key Operational Services:

☐ **work2future Program  
Administration**

☐ **Business Services**  
☐ **Client Services**

### Performance and Resource Overview

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**S**ince July 2000, the City of San José, through the work2future program, has acted as an administrative and fiscal agent for federal funds received from the Department of Labor Workforce Investment Act (WIA). The Mayor acts as the Chief Local Elected Official for work2future, which represents over 20 partners who provide Workforce Investment Act (WIA) programs across eight municipal jurisdictions: San José, Campbell, Gilroy, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, and Saratoga and unincorporated areas of Santa Clara County. work2future's employment development services align with and contribute to the *Strong Economic Base* outcome of the Community and Economic Development City Service Area.

#### Program Administration

The work2future Board (WIB) determines policy within the Local Workforce Investment Area. Generally, funding for WIA services comes from two main sources: (1) regularly allocated federal Adult, Dislocated Worker, and Youth funding streams and (2) competitive grants; however, last year, as part of the American Recovery and Reinvestment Act of 2009 (ARRA), work2future also received \$11.85 million dollars of ARRA stimulus funding from the Department of Labor (DOL) to provide extended hours and additional job counseling, training, and supportive services to work2future's clients.

work2future, in addition to its receipt of federal stimulus funding, received \$902,000 of Additional Assistance ARRA funding through the State Employment Development Department (EDD) from the Department of Labor (DOL) specifically for Rapid Response services and training for laid-off dislocated workers. Another EDD ARRA grant provided \$99,072 to fund a Disability Program Navigator position and assistive technology equipment for customers with disabilities. To assist ex-offenders to overcome barriers to employment through the California New Start program, EDD has provided \$10,000 as funding for training and supportive services. work2future also received a \$40,000 ARRA grant award from Workforce Institute to provide outreach services for its Greater South Bay Green Job Corps program. In addition to more services and greater numbers served through ARRA funds, this year's modification to work2future's Strategic Five-Year Local Workforce Investment Plan highlighted local and regional collaboration with labor, community colleges, non-

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

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**Core Service: Workforce Development**

**Performance and Resource Overview (Cont'd.)**

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**Program Administration (Cont'd.)**

profits, and local employers to provide future funding and a framework to address current and upcoming regional workforce challenges.

**Business Services**

BusinessOwnerSpace.com (BOS) is run by work2future. BOS is an extensive partnership with 40 business service providers, including several City departments, that provides entrepreneurs and small businesses with a virtual information portal and self-referral system for needed services as listed below.

**BusinessOwnerSpace.com Partnerships**

Alliance for Community Development	Internal Revenue Service	Silicon Valley Black Chamber of Commerce
AnewAmerica San José	Japanese American Chamber of Commerce of Silicon Valley	Silicon Valley/San Jose Business Journal
City of Morgan Hill Office of Economic Development	KCBS All News 740AM	Silicon Valley SCORE
City of San José Environmental Services Department	Meriwest Credit Union	Silicon Valley Small Business Development Center
City of San José Finance Department	Northern California Minority Business Enterprise Center	Software Business Cluster
City of San José Office of Economic Development	Opportunity Fund	TechBA
City of San José Planning Building and Code Enforcement Department	Pacific Community Ventures	Technology Credit Union
City of San José Public Works Department	San José BioCenter	U.S. Small Business Administration
Environmental Business Cluster	San José Police Department (Permits Unit)	U.S. Market Access Center
Filipino American Chamber of Commerce of Santa Clara County	San José Public Library	Univision Radio
Gavilan College Contract and Community Education	San José Redevelopment Agency	Wells Fargo Bank
Gilroy Economic Development Corporation	San José/Silicon Valley Chamber of Commerce	Women's Initiative for Self Employment
Hispanic Chamber of Commerce/ Silicon Valley	San José State University-Silicon Valley Center for Entrepreneurship	work2future

The BOS/work2future Business Services Program provides human resources support, technical assistance, information and research, and access to capital. Business services include free posting of job listings, access to qualified job applicants, pre-employment screening, specialized workshops, employee training, and assistance with downsizing and employee transitions. A total of 83 Worker Adjustment and Retraining Notification (WARN) notices of impending layoffs were received in the last 12 months (April 2009-March 2010 State Reporting period), including the WARN for the NUMMI plant, whose employees will receive 24 months of career transition services from work2future as part of a regional response to the facility closure.

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

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**Core Service: Workforce Development**

**Performance and Resource Overview (Cont'd.)**

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**Business Services (Cont'd.)**

In 2009-2010, work2future served 448 business clients and received 340 BOS service calls. Since the launch in October 2007, BOS has had 148,072 website visits, and 28,715 businesses and entrepreneurs have received services and attended BOS-coordinated workshops, BOS services and events. In 2009, work2future received a Small Business Administration (SBA) grant of \$245,000 to upgrade its BOS website. The work2future Business Service Program conducted six job fairs with over 6,930 job seekers in attendance; the largest of the job fairs was in July 2009 at HP Pavilion with 4,400 job seekers in attendance.

**Client Services**

Based on recent State policy changes, all job-seeking clients entering the One-Stop system through work2future facilities are now eligible for enrollment into the WIA program and access to work2future's services, increasing the enrolled client base from approximately 500 participants to over 7,775. However, due to the recession, the Local Workforce Investment Area has also experienced significant job losses. Despite the increase in program participation and simultaneous impact from the recession, work2future exceeded all nine of its mandated DOL performance targets for 2008-2009. The State of California continues to negotiate with the DOL regarding performance targets for 2009-2010 and 2010-2011.



As part of the process to place job seekers in growth industries and upgrade worker skills, the WIA program provides vocational training opportunities, including classroom, on-line, on-the-job, and customized training to meet the demands of local employers for a skilled, well-trained workforce. Additionally, to meet the ARRA goal to substantially increase the number of clients receiving training, work2future initiated a cohort-training program to move groups of clients through a common program of study. Since July 2009, work2future has provided over 1,100 individuals with training in in-demand occupations and growth industry sectors. work2future's targeted growth industry clusters are retail, hospitality, healthcare, bioscience, clean and green technology, software, construction, and public sector.

In summer 2009, work2future used \$4.74 million dollars of ARRA funding to provide paid work experience for 908 low-income youth ages 15-24. work2future initiated a continuation of the summer program for selected youth to focus on work experience and leadership development. Additionally, work2future provides a college internship program for WIA-eligible students, and a Green Cadre program to train low-income youth to become environmental advocates and to facilitate advancement of the City's Green Vision.

**City Manager – Office of Economic Development**  
**Community and Economic Development CSA**

**Core Service: Workforce Development**

**Performance and Resource Overview (Cont'd.)**

<b>Workforce Development Performance Summary</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Target*</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Target*</b>
 % of clients entering employment relative to federal mandated goals - Adults - Dislocated - Youth (placement/education)	101% 102% 107%	Goals set annually by State of CA TBD* TBD* TBD*	85% 70% 100%	Goals set annually by State of CA TBD* TBD* TBD*
 % of clients retaining employment relative to federal mandated goals - Adults - Dislocated	103% 102%	Goals set annually by State of CA TBD* TBD*	90% 91%	Goals set annually by State of CA TBD* TBD*

*Changes to Performance Measures from 2009-2010 Adopted Budget: Yes<sup>1</sup>*

\* Targets have not yet been negotiated with EDD for 2009-2010 and 2010-2011, and are expected in the fall of 2010. The State of California continues negotiations with the Department of Labor for program years 2009-2010 and 2010-2011.

<sup>1</sup> Changes to Performance Measures from 2009-2010 Adopted Budget:

U "Adults entering employment," "Dislocated workers entering employment" and "Youth entering employment" were revised to calculate performance against the federal mandated goals, as discussed in the City Service Area section.

U "Adults retaining employment" and "Dislocated workers retaining employment" were revised to calculate performance against the federal mandated goals, as discussed in the City Service Area section.

X "Youth workers retaining employment" was eliminated as this is no longer a mandated goal or primary focus of the program.

<b>Activity &amp; Workload Highlights</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Forecast</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Forecast</b>
# of business clients served by the Business Services Unit	399	225	300	350

*Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Activity and Workload Highlights from 2009-2010 Adopted Budget:

+ "# of business clients served by the Business Services Unit" was moved to this Core Service from the Community and Economic Development City Service Area section, and revised to add "Business Services Unit" to clarify the data included.

<b>Workforce Development Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Core Service Budget *</b>					
Personal Services	\$ 4,317,356	\$ 4,455,295	\$ 4,819,964	\$ 4,624,918	3.8%
<b>Total</b>	<b>\$ 4,317,356</b>	<b>\$ 4,455,295</b>	<b>\$ 4,819,964</b>	<b>\$ 4,624,918</b>	<b>3.8%</b>
<b>Authorized Positions</b>	<b>40.90</b>	<b>41.50</b>	<b>41.50</b>	<b>40.50</b>	<b>(2.4%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.



**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

**Core Service: Workforce Development**

**Budget Changes By Core Service\*\***

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. Non-Profit Platform/work2future Executive Management	(1.00)	(156,713)	0
2. Economic Development Management and Professional Employees Total Compensation Reduction		(38,333)	0
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>(1.00)</b>	<b>(195,046)</b>	<b>0</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

**City Manager – Office of Economic Development**  
***Community and Economic Development CSA***

**Strategic Support**

**Strategic Support Purpose**

**S**trategic Support represents the services provided within departments that support and guide the provision of the core services.

**Key Operational Service:**

☐ **Administrative Support**

**Performance and Resource Overview**

**S**trategic Support is an ongoing requirement to provide administrative support to the core services of Office of Economic Development.

<b>Strategic Support Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Strategic Support Budget*</b>					
Personal Services	\$ 305,909	\$ 315,365	\$ 372,797	\$ 253,698	(19.6%)
Non-Personal/Equipment	152,070	96,467	95,467	95,467	(1.0%)
<b>Total</b>	<b>\$ 457,979</b>	<b>\$ 411,832</b>	<b>\$ 468,264</b>	<b>\$ 349,165</b>	<b>(15.2%)</b>
<b>Authorized Positions</b>	<b>3.20</b>	<b>2.30</b>	<b>2.40</b>	<b>1.90</b>	<b>(17.4%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

**City Manager – Office of Economic Development**  
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**Strategic Support**

**Strategic Support Budget Changes\*\***

<b>Adopted Strategic Support Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. SJRA Budget Reduction - Office of Economic Development	(0.50)	(56,051)	(56,051)
2. Economic Development Management and Professional Employees Total Compensation Reduction		(49,698)	(49,698)
3. Office of Economic Development Employee Total Compensation Reduction		(13,350)	(13,350)
<b>2010-2011 Adopted Strategic Support Changes Total</b>	<b>(0.50)</b>	<b>(119,099)</b>	<b>(119,099)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

# Fire Department *Community and Economic Development CSA*

## Core Service: Fire Safety Code Compliance

### Core Service Purpose

**M**inimize loss of life and property from fires and hazardous materials releases. Provide on-site code inspections and code plan review services to the City of San José business community and residents in the San José service area, resulting in a fire and chemical safe environment.

#### Key Operational Services:

☐ **Engineering (Development Review)**

☐ **Hazardous Materials  
(Development Review)**

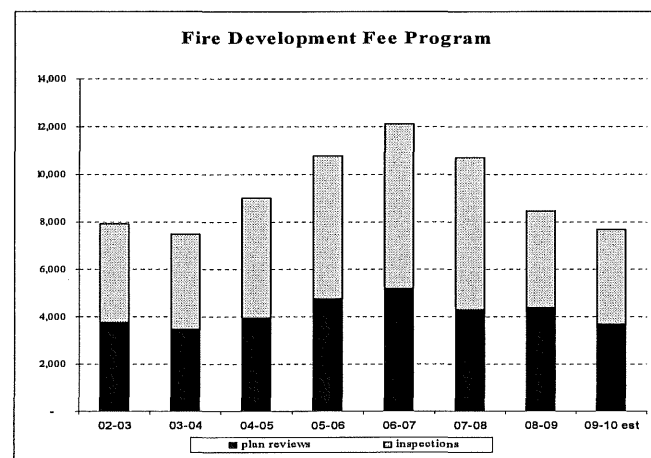
### Performance and Resource Overview

**T**he goal of the Fire Safety Code Compliance Core Service is to enforce the Fire and Health and Safety Codes. This goal is attained through customer education during the plan review consultations, inspection process, and enforcement. This core service contributes to the Community and Economic Development City Service Area outcome: *Safe, Healthy, Attractive and Vital Community*.

The City-adopted California Fire Code requires inspections of all new and tenant-improvement construction related to fire and life safety. Site inspections prior to construction are required to ensure adequate water supply and fire apparatus access.

#### Development Fee Program

Development activities, measured in the number of plan reviews and inspections performed, showed increasing activity levels from 2004-2005 to 2006-2007. Declines in activity levels began in 2007-2008 and have continued through 2009-2010. It is estimated that 2010-2011 revenues will continue to be lower than program expenditures, requiring actions to balance the Fire Department's Development Services Program.



**Fire Department**  
***Community and Economic Development CSA***

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**Core Service: Fire Safety Code Compliance**

**Performance and Resource Overview (Cont'd.)**

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**Development Fee Program (Cont'd.)**

The Fire Department's 2009-2010 Development Fee Program budget factored in lower revenue estimates (when compared to 2008-2009) to reflect an anticipated reduction in development activity. Actual market conditions, however, resulted in a steeper decline in development activities than anticipated. As a result of 2009-2010 revenues performance, adjustments to this program were approved during 2009-2010. In the 2008-2009 Annual Report, a \$470,000 reduction to the 2009-2010 budgeted estimates was approved, offset by a \$100,000 reduction in overtime and non-personal/equipment funding. In addition, the use of the Fire Fee Reserve (\$370,000) was necessary to balance the program and maintain service levels. The continued under performance of revenues in 2009-2010 required further adjustments in November 2009 and February 2010. These actions included a \$417,000 reduction in the budgeted revenue estimate, offset by use of the Fire Fee Reserve (\$80,273) and a \$217,983 reduction in expenditures through the freezing of two vacant positions (1.0 Division Manager and 1.0 Fire Prevention Inspector).

By City Council policy, Fire Fee Program revenues should recover 100% of costs. Despite adjustments made in September and November 2009 and February 2010, revenues for 2009-2010 continue to track lower than revised revenue estimates. In light of continued revenue declines, a combination of actions is included in this document in order to balance revenue and expenditures, and align staffing to estimated activity levels in the development sector. Included in this budget are revenue actions that will generate \$71,000 in revenues: a general 2% fee increase is expected to generate \$56,000 in revenues, and the new Residential Sprinkler code effective January 2011 is expected to increase revenue in this program by \$15,000. These actions are also discussed in the General Fund Revenue Estimates section. Actions that impact expenditures in this program include reductions in funding for overtime and non-personal/equipment; elimination of a vacant Division Manager position and a filled Associate Engineer position; and shift in funding for two Fire Prevention Inspector positions, from the Fire Development Fee Program to the Fire Non-Development Fee Program, to more accurately reflect activities and workload<sup>1</sup>. Reflecting the declining activities related to the Airport Master Plan, a shift in funding (0.75 FTE) of an Associate Engineer position from the Airport Master Plan project to the Fire Development Fee Program is also approved. Included in the Community and Economic Development CSA – Strategic Support section of this document is the elimination of a filled Office Specialist position, a vacant Account Clerk position, and a filled Senior Permit Specialist position. Finally, one-time use of the Fire Fee Reserve (\$924,487) is approved to balance program revenues and expenditures.

The Mayor's June 2010 Budget Message included the addition of a second Special Tenants Improvement/Industrial Tools Improvements line staffed with a Hazardous Materials Inspector and an Associate Engineer on a one-time basis. The additional staff will allow those plans to be reviewed and inspected at the "speed of business." These positions are funded by the General Fund and an estimated revenue of \$124,000 is projected as a result of the increased usage for this service.





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<sup>1</sup> Also discussed in the Fire Prevention Core Service, Public Safety CSA section

# Fire Department *Community and Economic Development CSA*

## Core Service: Fire Safety Code Compliance

### Performance and Resource Overview (Cont'd.)

Fire Safety Code Compliance Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
 % of projects that receive thorough, complete and consistent processing in the first cycle of the staff review process: - Fire Plan Check - Inspections	N/A*	90%	N/A*	90%
	N/A*	85%	N/A*	85%
 Ratio of estimated current year fee revenue to fee program cost	75%	100%	64%	76%
 Selected cycle time measures for Development services: - Fire Plan Check processing targets met - Fire inspections within 24 hours	93%	100%	93%	100%
	90%	85%	90%	85%
 % of Development process participants rating service as good or excellent	86%	85%	86%	85%

*Changes to Performance Measures from 2009-2010 Adopted Budget: No*

\* Performance measure under review and the Fire Department will work with the Development partners for the 2010-2011 data.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
# of new construction and tenant improvement plan checks performed	3,732	3,200	3,100	3,100
# of new construction and tenant improvement inspections performed	4,656	3,600	4,000	4,000

*Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Activity and Workload Highlights from 2009-2010 Adopted Budget:

U "Plan reviews performed" revised to "# of new construction and tenant improvement plan checks performed" and "inspections performed" revised to "# of new construction and tenant improvement inspections performed" to improve usefulness and to provide clarification of these measures.

**Fire Department**  
***Community and Economic Development CSA***

**Core Service: Fire Safety Code Compliance**

**Performance and Resource Overview (Cont'd.)**

<b>Fire Safety Code Compliance Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Core Service Budget *</b>					
Personal Services	\$ 2,799,818	\$ 2,712,945	\$ 2,888,265	\$ 2,319,921	(14.5%)
Non-Personal/Equipment	123,442	136,692	85,133	86,711	(36.6%)
<b>Total</b>	<b>\$ 2,923,260</b>	<b>\$ 2,849,637</b>	<b>\$ 2,973,398</b>	<b>\$ 2,406,632</b>	<b>(15.5%)</b>
<b>Authorized Positions</b>	<b>19.40</b>	<b>18.40</b>	<b>18.20</b>	<b>16.20</b>	<b>(12.0%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Budget Changes By Core Service\*\***

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. Fire Development Fee Program	(2.00)	(474,970)	(368,178)
2. Fire Department Employee Total Compensation Reduction		(143,374)	(143,374)
3. Rebudget: FileNet Upgrade		51,578	51,578
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>(2.00)</b>	<b>(566,766)</b>	<b>(459,974)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

**Fire Department**  
***Community and Economic Development CSA***  

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**Strategic Support**

**Strategic Support Purpose**

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**S**trategic Support represents services provided within the Fire Department that support and guide the provision of the core services, including the core services rolling up to both the Public Safety and Community and Economic Development CSAs.

**Key Operational Services:**

- |  |   |
|--|---|
| <input type="checkbox"/> <b>Administration</b>         | <input type="checkbox"/> <b>Safety/Wellness</b> |
| <input type="checkbox"/> <b>Information Technology</b> | <input type="checkbox"/> <b>Training</b>        |

**Performance and Resource Overview**

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**S**trategic Support for the Fire Department provides support to two City Service Areas: Public Safety and Community and Economic Development. The description here relates to the services for the Community and Economic Development CSA.

By City Council policy, Fire Development Fee Program revenues should recover 100% of costs. In light of continued revenue declines, a combination of actions is included in this document<sup>1</sup> in order to balance lower revenue estimates of \$2.8 million with expenditures projected at \$4.85 million. Actions approved for Strategic Support include the elimination of three positions: 1.0 filled Office Specialist position, 1.0 vacant Account Clerk position, and 1.0 filled Senior Permit Specialist position. With the elimination of the Senior Permit Specialist position, the Department will have only one Senior Permit Specialist position remaining to perform initial plan check functions. The elimination of the Office Specialist position and the Account Clerk position will require the Department to reallocate the current functions of these positions to existing staff, resulting in an increase in cycle time for production of departmental reports and response to customer inquiries. With the approved actions to balance the program revenues and expenditures, the Department will also explore possibilities of collaborating with Development partners to mitigate the impact of these position eliminations. Additional budget actions impacting the Development Fee Program are found in the Fire Administrative Staffing action (discussed in the Public Safety CSA – Strategic Support section).

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<sup>1</sup> Fire Development Fee Program balancing actions are also described in the Fire Safety Code Compliance Core Service section.



**Fire Department**  
**Community and Economic Development CSA**

**Strategic Support**

**Performance and Resource Overview (Cont'd.)**

<b>Strategic Support Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Strategic Support Budget *</b>					
Personal Services	\$ 820,181	\$ 726,494	\$ 744,468	\$ 504,031	(30.6%)
Non-Personal/Equipment	5,521	26,789	26,789	26,789	0.0%
<b>Total</b>	<b>\$ 825,702</b>	<b>\$ 753,283</b>	<b>\$ 771,257</b>	<b>\$ 530,820</b>	<b>(29.5%)</b>
<b>Authorized Positions</b>	<b>8.63</b>	<b>7.68</b>	<b>7.62</b>	<b>4.73</b>	<b>(38.4%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

**Strategic Support Budget Changes\*\***

<b>Adopted Strategic Support Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. Fire Development Fee Program	(3.00)	(242,416)	(242,416)
2. Fire Department Employee Total Compensation Reduction		(13,699)	(13,699)
3. Fire Administrative Staffing	0.11	15,678	15,678
<b>2010-2011 Adopted Strategic Support Changes Total</b>	<b>(2.89)</b>	<b>(240,437)</b>	<b>(240,437)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

**Housing Department**  
***Community and Economic Development CSA***

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**Core Service: Community Development and Investment**

**Core Service Purpose**

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**I**nvesting in at-risk residents and neighborhoods.

**Key Operational Services:**

- ☐ **Coordination of Services Aimed to End Chronic Homelessness**
- ☐ **Grant Administration**

- ☐ **Information and Referral Services for Homeless and Those At-Risk of Homelessness**

**Performance and Resource Overview**

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**T**he Community Development and Investment Core Service provides investments through multiple grant programs to low-income people and neighborhoods throughout San José.

**Homeless Program**

San José is partnering with government and community-based organizations to end chronic homelessness. This core service coordinates with Destination: Home (a County-wide effort to end chronic homelessness), the County, and local homeless service agencies to develop and implement initiatives to end and prevent homelessness. In addition, this core service provides grants to agencies that directly assist homeless or at-risk households; distributes information and referrals; and coordinates a comprehensive direct service program for homeless and at-risk households. This core service also includes efforts to proactively and reactively respond to local emergencies such as residential fires and floods by responding to local residential emergencies, overseeing the management of The Haven, a shelter specifically designed for housing disaster victims, and proactively preparing for emergency situations that could leave substantial numbers of San José residents without shelter.

This core service administers grant funds including federal Emergency Shelter Grants (ESG), Housing Opportunities for Persons with AIDS (HOPWA – both entitlement and competitive grants), and local funds made available through the City's Housing Trust Fund. The program oversees grant contracts and monitors compliance with grant requirements, and the performance of grantees. In 2010-2011, the program expects to grant \$442,295 in ESG funding, \$871,489 in HOPWA entitlement funding, and up to \$1 million in Housing Trust Funds. In addition, if the City's funding renewal application is approved; it would be able to grant approximately \$400,000 in HOPWA competitive funds.

# Housing Department









## Community and Economic Development CSA

### Core Service: Community Development and Investment

### Performance and Resource Overview (Cont'd.)

#### Community Development Block Grant

For 2010-2011, the CDBG program has been awarded \$10.8 million in CDBG entitlement funds for public service and community development projects, which represents a 7.5% increase from the 2009-2010 entitlement. The CDBG Program also estimates it will generate \$700,000 in program income in 2010-2011 from repayments of housing rehabilitation and economic development business loans. This represents a 42% decline since 2007-2008 and has resulted in the reduction of funds available for all categories of CDBG funding. For example, the decline in program income has resulted in a 32% reduction in the funds awarded to the Housing Department's Housing Rehabilitation program from a high of \$2.5 million in 2008-2009 to \$1.7 million in 2010-2011.

Community Development and Investment Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
 Annual number of homeless individuals assisted in securing permanent housing over 10 year period 2004-2013 (based upon 2004 Census that identified 4,900 homeless households)	46% 490	56% 490	56% 490	66% 500
 % annual change in the number of unduplicated persons utilizing emergency shelters	-4%	2%	2%	0%
 % of CDBG-funded projects meeting all stated Outcomes:				
- City projects	77%	90%	90%	90%
- Non-City projects	92%	90%	90%	90%
 % of CDBG invoices processed within 30 days of receipt of all required documentation	94%	90%	90%	90%
 % of CDBG contracts completed by July 1	100%	90%	100%	90%
 % of CDBG open projects monitored by June 3	100%	100%	100%	100%
 % of walk-in clients that are satisfied or very satisfied with the effectiveness, timeliness, and courtesy of services received	95%	95%	95%	95%
 % of homeless households housed who are still housed:				
- Within 6 months of original placement	NEW	90%	75%	75%
- Within 12 months of original placement	NEW	80%	N/A*	50%

*Changes to Performance Measures from 2009-2010 Adopted Operating Budget: No*

\* This new measure was established less than 12 months ago and the Department currently does not have data for 12 months.

**Housing Department**  
**Community and Economic Development CSA**

**Core Service: Community Development and Investment**

**Performance and Resource Overview (Cont'd.)**

<b>Activity &amp; Workload Highlights</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Forecast</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Forecast</b>
Number of chronically homeless individuals (as defined by HUD) assisted in securing permanent housing	190	300	574	300
New federal, State or private foundation funds secured to assist efforts to end homelessness	\$500,000	\$4,100,000*	\$4,600,000*	\$500,000
Number of unduplicated clients assisted by the Homeless Program	4,500	10,000	23,000**	20,000**

*Changes to Activity & Workload Highlights from 2009-2010 Adopted Operating Budget: No*

\* Includes Homeless Prevention stimulus funds.

\*\* In prior years, this measure included homeless individuals and families; however, starting in 2009-2010, this measure would also include those at risk of homelessness.

<b>Community Development and Investment Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Core Service Budget *</b>					
Personal Services	\$ 703,446	\$ 1,730,555	\$ 1,927,841	\$ 2,080,221	20.2%
Non-Personal/Equipment	89,818	30,545	30,545	30,545	0.0%
<b>Total</b>	<b>\$ 793,264</b>	<b>\$ 1,761,100</b>	<b>\$ 1,958,386</b>	<b>\$ 2,110,766</b>	<b>19.9%</b>
<b>Authorized Positions</b>	<b>6.85</b>	<b>14.95</b>	<b>15.60</b>	<b>17.10</b>	<b>14.4%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Housing Department**  
***Community and Economic Development CSA***

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**Core Service: Community Development and Investment**

**Budget Changes By Core Service\*\***

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<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>
<hr/>		
1. Housing Department Management and Professional Employees Total Compensation Reduction		(5,293)
2. Housing Production Program	1.00	109,270
3. Housing Department Reorganization and Consolidation	0.50	48,403
<hr/>		
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>1.50</b>	<b>152,380</b>

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\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

**Housing Department**  
***Community and Economic Development CSA***

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**Core Service: Increase the Affordable Housing Supply**

**Core Service Purpose**

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**P**rovide funding and technical assistance for the creation of new affordable housing and homebuyer assistance.

**Key Operational Services:**

☐ **Make Loans to Developers**

☐ **Provide Homebuyer Assistance**

**Performance and Resource Overview**

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**T**his core service increases the supply of affordable housing by funding the construction of new housing units and by improving homeownership opportunities for San José residents. In the construction program, low-interest gap loans are provided to housing developers for the construction of rental housing projects that are affordable to households with extremely low- to low-incomes. The homeownership program, which includes the Teacher Homebuyer Program, provides assistance by providing down payment assistance and second mortgages as well as working in partnership with a number of organizations to serve San José residents seeking homeownership opportunities.

The Housing Department provided a loan to the San Jose Redevelopment Agency (SJRA) to fund the Supplemental Education Revenue Augmentation Fund (SERAF) payment required by the State. On February 23, 2010, the City Council and SJRA Board approved a plan to meet the State mandated payment of \$75 million over two years to the SERAF as part of rebalancing the SJRA 2009-2010 Capital and Operating Budget. This plan included a \$52 million loan from the Low and Moderate Income Housing Fund, \$10 million from other City funds in 2009-2010, and an additional \$13 million loan from the Low and Moderate Income Housing Fund in 2010-2011. In order to fund this loan, the Housing Department issued bonds of \$40 million in 2009-2010 and will be issuing a total of \$25 million in commercial paper to cover the remaining obligations through 2010-2011.





Due to this shift in funding, the Housing Production Program will have limited funding for the construction of affordable housing in San José in the coming years. An associated reduction in resources for this program was approved, including eliminating two positions (1.0 Building Rehabilitation Supervisor and 1.0 Senior Development Officer), shifting funding for one Analyst position from the Low and Moderate Income Housing Fund to the Community Development Block Grant Fund (CDBG), and reducing contractual services funding for project development in the Housing Production Program by \$150,000. These changes will reduce costs by \$435,000 in 2010-2011 and will leave a staffing level of three positions. Using local, State, and federal funds, the homebuyer program will lend an estimated \$8.1 million in 2010-2011 and the Housing Production Program will lend an estimated \$15.8 million.

# Housing Department

## Community and Economic Development CSA

Core Service: Increase the Affordable Housing Supply

### Performance and Resource Overview (Cont'd.)

Increase the Affordable Housing Supply Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
 % of annual target achieved for production of affordable housing	32% (550)	100% (200)	42% (200)	100% (100)
 % of annual target achieved for homebuyer clients assisted	103% (451)	100% (249)	100% (249)	100% (138)
 Cumulative ratio of non-City funds to City funds over the last five years in the New Construction Program	3.26:1	3.0:1	2.5:1	2.3:1
 % of homebuyer clients (approved or denied) satisfied or very satisfied with the programs based on overall service	93%	95%	95%	95%

*Changes to Performance Measures from 2009-2010 Adopted Operating Budget: No*

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of homebuyer loans provided:				
-Teacher Program	68	60	60	50
-SJSU Program	12	15	15	15
-Project-Based homebuyer assistance	131	50	50	0
-Inclusionary Units	53	44	44	4
-Other downpayment assistance	187	80	80	69
Total	451	249	249	138
Number of unduplicated households assisted by the homebuyer program*	NEW	130	130	125
Number of affordable housing units completed in the fiscal year	175	248	84**	322
Average per-unit subsidy in funding commitments for new construction projects (\$)	127,381	132,319	170,000	202,000

*Changes to Activity & Workload Highlights from 2009-2010 Adopted Operating Budget: No*

\* Some homebuyers received multiple loans.

\*\* The estimated number of affordable housing units completed in 2009-2010 is lower as a result of the difficulty to finance affordable housing which caused a delay in projects.

**Housing Department**  
**Community and Economic Development CSA**

**Core Service: Increase the Affordable Housing Supply**

**Performance and Resource Overview (Cont'd.)**

<b>Increase the Affordable Housing Supply Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Core Service Budget *</b>					
Personal Services	\$ 1,419,489	\$ 1,340,992	\$ 1,506,074	\$ 1,045,140	(22.1%)
Non-Personal/Equipment	167,770	447,327	446,240	296,240	(33.8%)
<b>Total</b>	<b>\$ 1,587,259</b>	<b>\$ 1,788,319</b>	<b>\$ 1,952,314</b>	<b>\$ 1,341,380</b>	<b>(25.0%)</b>
<b>Authorized Positions</b>	<b>10.00</b>	<b>10.35</b>	<b>11.00</b>	<b>7.50</b>	<b>(27.5%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Budget Changes By Core Service\*\***

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>
1. Housing Production Program	(3.00)	(544,471)
2. Housing Department Reorganization and Consolidation	(0.50)	(66,463)
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>(3.50)</b>	<b>(610,934)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.



## Housing Department *Community and Economic Development CSA*

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**Core Service: Maintain the Existing Affordable Housing Supply**

### **Core Service Purpose**

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**T**his core service provides rehabilitation loans and grants and construction oversight to extend the useful life of affordable housing, including single-family homes, mobile homes and multi-family buildings. In addition, this core service provides loan servicing and portfolio oversight to protect the City's investments, ensures the affordable units remain affordable, provides Rental Rights and Referrals services to community residents to ensure rent increases are controlled, and assists clients with eviction notices.

#### **Key Operational Services:**

- |   |  |
|---|--|
| <input type="checkbox"/> <b>Loan Compliance and Collections</b>     | <input type="checkbox"/> <b>Housing Rehabilitation</b> |
| <input type="checkbox"/> <b>Rental Rights and Referral Services</b> |  |

### **Performance and Resource Overview**

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**M**aintaining the existing supply of affordable housing involves three distinct activities. The first is the physical maintenance of buildings to extend their life, including both small-scale rehabilitation of single-family homes, multi-family apartments, and mobilehome units; and the acquisition/rehabilitation of large apartment complexes. The second is providing assistance to renters and rental property owners through the Rental Rights and Referrals Program. The third is ensuring that housing units subject to long-term affordability restrictions remain affordable and well maintained for the term of the restriction and safeguarding City assets through management and collection of loans.

Due to the continuing economic pressure and efforts to fund critical programs, the Housing Department has created a plan to reorganize the Department in a way that will create efficiencies and flatten the organization. The Department will be centralizing the loan underwriting process, creating a pool of inspectors, consolidating grant management functions, regrouping the loan servicing teams, and combining the policy and homeless teams. Efficiencies will be gained in the grant management, inspection, and underwriting services provided by the Department. The policy team will scale back its legislative efforts and shift the focus to seeking outside funding for affordable housing. This plan will reorganize teams throughout the Housing Department and consolidate like functions to adjust for the decline in funding available in the Low and Moderate Income Housing Fund by eliminating three positions (2.0 Housing Policy and Planning Administrators and 1.0 Senior Office Specialist) department-wide and displayed in each core service.

## Housing Department *Community and Economic Development CSA*

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Core Service: Maintain the Existing Affordable Housing Supply

### **Performance and Resource Overview (Cont'd.)**

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#### **Housing Rehabilitation**

The City offers a number of programs to San José residents and property owners seeking to maintain and/or improve the condition of their properties. These programs currently offer low-interest or interest-free loans or grants to low-income homeowners to perform critical repairs, from replacing substandard and aging housing systems such as heating, electrical, and plumbing, removing lead based paint, and replacing deteriorated roofs. The housing rehabilitation program continues to be a critical partner between the City and the Strong Neighborhoods Initiative (SNI) communities to revitalize neighborhoods by providing loans and grants to extend the useful life of affordable housing. In February 2009, the City received a direct allocation of \$5.6 million under the Neighborhood Stabilization Program (NSP1) for acquisition, rehabilitation and re-sale or re-occupancy of foreclosed or abandoned residential property. In January 2010, San José received \$25 million in Neighborhood Stabilization Program 2 (NSP2) funds under the San José NSP2 Consortium with the Housing Trust of Santa Clara County as the lead member. Of that amount, \$19 million was allocated to the City, which was approved by the City Council on April 6, 2010, to implement an Acquisition and Rehabilitation Program over a three-year period.

#### **Rental Rights and Referrals**

The Rental Rights and Referrals Program administers rent control in San José by overseeing the Mobilehome Rent Ordinance and Apartment Rent Ordinance. The program is committed to protecting the rights of tenants and landlords. In the case of a rental dispute between a landlord and tenant, knowing the law, having access to resources, and exploring options can minimize conflict. The program, through its educational outreach, provides mediation services to tenants and landlords when there is a dispute. The rental market softened in 2009-2010, declining 6.6% in San José from calendar year 2008 to 2009. Despite this trend, demand for mediation services remains consistent.

#### **Loan Compliance and Collections**










The Housing Department has a portfolio of over \$600 million in loans for multi-family affordable housing projects, rehabilitation loans to low-income homeowners, and homebuyer loans to low- and moderate- income households. The loans are monitored for compliance with the terms of the loans and the payment schedules. This team ensures that affordable housing projects are properly managed and maintained, and that they are kept affordable to low- and moderate-income residents. The team also ensures that housing loan payments are paid in a timely manner, and takes the necessary enforcement action when financial, regulatory, or contractual obligations are not met. Over the past year, this team has witnessed an increase in foreclosure activity in the Housing Department's portfolio. In 2009-2010, there were 16 loans resulting in foreclosure or short sale. The majority of these actions were initiated by the first lender and the City, being in a subordinate position, had lost over \$1 million in principal balances.

# Housing Department

## *Community and Economic Development CSA*

Core Service: Maintain the Existing Affordable Housing Supply

### Performance and Resource Overview (Cont'd.)

Maintain the Existing Affordable Housing Supply Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
 Monetary default rate of loan portfolio by category:				
% of total loan principal:				
1. Project Loans	0.00%	<2%	<2%	<2%
2. Rehabilitation Loans	1.10%	<2%	<3%	<3%
3. Homebuyer Loans	1.30%	<3%	<5%*	<5%
% of total loans:				
4. Project Loans	0.00%	<2%	<2%	<2%
5. Rehabilitation Loans	1.00%	<2%	<3%	<3%
6. Homebuyer Loans	1.10%	<3%	<5%	<5%
 % of tenant/landlord mediations that resulted in mutual agreement	67%	70%	70%	70%
 % of small rehabilitation projects completed within 6 months of approval	39%	59%	35%**	50%
 % of portfolio units brought into compliance with safe and sanitary condition requirements within 90 days	NEW	90%	95%	90%
 % of all non-mobilehome rehabilitation project funds approved within SNI neighborhoods	44%	50%	45%	60%
 % of all rehab program funds that are loaned versus granted	31%	45%	50%	60%
 % of rehabilitation, mobilehome, and paint-grant clients satisfied or very satisfied based on overall service	100%	90%	95%	90%
 % of loan management clients satisfied or very satisfied based on overall service	N/A***	99%	N/A***	99%
 % of occupants in projects built with City subsidy that rate units good or excellent	N/A***	85%	N/A***	85%

*Changes to Performance Measures from 2009-2010 Adopted Operating Budget: No*

\* The decline in home values and challenging job markets have led to an increase in the number of foreclosures and short sales in the Housing Department's loan portfolio.

\*\* The majority of these small projects are mobilehome grants. The mobilehome staff has been working through a backlog of mobilehome requests. The mobilehome program itself has experienced several staffing changes as a result of the employee placement process during this time. All critical repairs requiring timely responses are referred to the Minor Repair Program.

\*\*\* This information is from a survey which Housing has not been able to conduct.

**Housing Department**  
**Community and Economic Development CSA**

**Core Service: Maintain the Existing Affordable Housing Supply**

**Performance and Resource Overview (Cont'd.)**

<b>Activity &amp; Workload Highlights</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Forecast</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Forecast</b>
Number of rehabilitation projects completed				
1. Rehabilitation projects	120	125	70	110
- SNI	NEW	75	25	60
- Non-SNI	NEW	50	45	50
2. Paint projects*	0	50	0	0
3. Mobilehome projects	128	150	125	125
4. Minor Repair	NEW	200	105	120
Total:	248	525	300	355
Number of rehabilitation applications approved or cancelled				
1. Rehab, conventional homes	149	135	124	130
-SNI neighborhoods	43	80	63	78
-Non-SNI neighborhoods	106	55	61	52
2. Mobilehome projects	147	135	130	130
3. Paint projects*	0	0	0	0
Total:	296	270	254	260
Number of Rehabilitation Program pre-application inspections	488	297	230	297
Size of Housing Department loan portfolio by category:				
Total loan principal (\$):				
1. Project Loans	548,364,093	540,755,537	560,000,000	570,000,000
2. Rehabilitation Loans	16,652,270	22,826,324	18,879,000	21,379,000
3. Homebuyer Loans	65,204,849	57,416,094	87,370,088	95,236,000
Total	630,221,212	620,997,955	666,249,088	686,615,000
Total number of loans:				
4. Project Loans	167	179	165	170
5. Rehabilitation Loans	415	538	416	475
6. Homebuyer Loans	1,101	1,078	1,602	1,740
Total	1,683	1,795	2,183	2,385
Number of Loan Management transactions (refinances, subordinations, assumptions)	198	1,500**	50	50
Number of major projects in loan portfolio inspected annually	1,446			
- Projects	NEW	135	135	136
- Units	N/A	1,500	1,500	1,530
Number of unduplicated Rental Rights & Referrals program clients	2,917	2,650	2,400	2,500

*Changes to Activity & Workload Highlights from 2009-2010 Adopted Operating Budget: No*

\* As approved in the 2009-2010 Mid-Year Budget Review, the Housing Paint Program was eliminated as a result of the lower than anticipated funding available in the Low and Moderate Income Housing Fund. This funding was reallocated to higher priority projects within the fund.

\*\* Include phone and email inquiries.

**Housing Department**  
***Community and Economic Development CSA***

**Core Service: Maintain the Existing Affordable Housing Supply**

**Performance and Resource Overview (Cont'd.)**

Maintain the Existing Affordable Housing Supply Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 3,529,786	\$ 3,848,152	\$ 3,991,400	\$ 3,826,852	(0.6%)
Non-Personal/Equipment	108,762	495,010	495,010	495,010	0.0%
<b>Total</b>	<b>\$ 3,638,548</b>	<b>\$ 4,343,162</b>	<b>\$ 4,486,410</b>	<b>\$ 4,321,862</b>	<b>(0.5%)</b>
 <b>Authorized Positions</b>	 <b>32.15</b>	 <b>32.05</b>	 <b>31.05</b>	 <b>30.05</b>	 <b>(6.2%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Budget Changes By Core Service\*\***

Adopted Core Service Changes	Positions	All Funds (\$)
1. Housing Department Reorganization and Consolidation	(1.00)	(154,548)
2. Housing Overtime Funding		(10,000)
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>(1.00)</b>	<b>(164,548)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

**Housing Department**  
***Community and Economic Development CSA***

**Strategic Support**

**Strategic Support Purpose**

**S**trategic Support represents services provided within departments that support and guide the provision of the core services.

**Key Operational Services:**

- ☐ **Policy Development**
- ☐ **Financial Management**
- ☐ **Clerical Support**

- ☐ **Audit Supervision**
- ☐ **Public Education**

**Performance and Resource Overview**

**T**he Housing Department's organizational structure consists of new construction, housing rehabilitation, loan monitoring, management and analysis, and grant management. Strategic Support provides essential operational services including budget and financial management, human resource services, information and technology management, policy development, and public education to ensure the efficient operation of Housing Department programs. As discussed in the Maintain the Existing Affordable Housing Supply Core Service, the Department is reorganizing and consolidating like functions to adjust for the decline in funding available in the Low and Moderate Income Housing Fund. This action will impact positions department-wide and is displayed in each core service.

<b>Strategic Support Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Strategic Support Budget *</b>					
Personal Services	\$ 4,088,102	\$ 2,855,159	\$ 2,948,498	\$ 2,622,504	(8.1%)
Non-Personal/Equipment	616,641	358,238	355,325	355,325	(0.8%)
<b>Total</b>	<b>\$ 4,704,743</b>	<b>\$ 3,213,397</b>	<b>\$ 3,303,823</b>	<b>\$ 2,977,829</b>	<b>(7.3%)</b>
<b>Authorized Positions</b>	<b>34.00</b>	<b>22.65</b>	<b>22.35</b>	<b>20.35</b>	<b>(10.2%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

**Housing Department**  
***Community and Economic Development CSA***

**Strategic Support**

**Strategic Support Budget Changes\*\***

<b>Adopted Strategic Support Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>
1. Housing Department Reorganization and Consolidation	(2.00)	(246,489)
2. Housing Department Management and Professional Employees Total Compensation Reduction		(79,505)
<b>2010-2011 Adopted Strategic Support Changes Total</b>	<b>(2.00)</b>	<b>(325,994)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

**Planning, Building and Code Enforcement Department**  
***Community and Economic Development CSA***

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**Core Service: Development Plan Review & Building Construction Inspection**

**Core Service Purpose**

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**M**anage and review development and construction applications to allow issuance of permits in compliance with applicable codes and policies.

**Key Operational Services:**

- |  |   |
|--|---|
| <input type="checkbox"/> <b>Review of Land Use, Rezoning, Development Applications &amp; Plans for Compliance with Zoning Code, Standards, Policies and Guidelines</b> | <input type="checkbox"/> <b>Environmental Review</b>        |
| <input type="checkbox"/> <b>Review of Construction Plans and Calculations for Compliance with Building Code Standards, Policies and Guidelines</b>                     | <input type="checkbox"/> <b>Construction Inspection</b>     |
|  | <input type="checkbox"/> <b>Permit Issuance</b>             |
|  | <input type="checkbox"/> <b>Public Information Services</b> |

**Performance and Resource Overview**

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**T**he desired outcomes for this core service are to facilitate issuance of permits in compliance with codes, policies, guidelines and standards and, through these efforts, to ensure safe, healthy and attractive development. The continued challenge for this core service is to provide planning and building services that allow development to be planned, approved and inspected at a pace consistent with the economic realities of the competitive development environment.

**Development Activity**

During 2009-2010, development activity, which includes planning permit applications, building permits, plan reviews, and inspection activity, reached approximately \$650 million – roughly the lowest levels of development activity ever witnessed in San José. New housing production has dropped off sharply, to an all-time low at that time of just over 1,000 units in 2008-2009, and the number of new dwelling units is expected to reach a new low of just 750 in 2009-2010. Commercial development activity plummeted to \$223 million in 2008-2009 with a projected valuation of \$225 million for 2009-2010. Commercial construction activity is expected to remain flat over the next five years. Industrial development valuation activity in 2008-2009, totaling \$235 million, was in a relatively moderate range and is anticipated to weaken further during 2009-2010, with a total permit valuation anticipated to reach just \$175 million. With no new major ground breakings anticipated in the near term, permit valuation for industrial development is expected to remain low over the next five years.



# **Planning, Building and Code Enforcement Department**

## ***Community and Economic Development CSA***

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**Core Service: Development Plan Review & Building Construction Inspection**

### **Performance and Resource Overview (Cont'd.)**

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#### **Cost Recovery and Staffing**

During 2008-2009, the City Council, based on a recommendation from the Department of Planning, Building and Code Enforcement (PBCE), responded to the economic downturn by eliminating nearly 100 positions to align with reduced activity. However, the Department had not anticipated the continued prolonged economic downturn that occurred during 2009-2010, and in November 2009 faced a projected \$2.5 million gap between projected revenues and costs. In order to rectify this situation, the City Council eliminated a total of 29 positions, which included 17.29 position eliminations in the Building Program, and 11.71 positions in the Planning Program. In addition, 3.0 positions in the Information Technology Department supported by the Development Fee Programs were also eliminated. These staffing reductions have led to a marked increase in performance cycle times. Because of this, cycle time performance targets for 2010-2011 are reduced, particularly in the Planning Fee Program where no additional resources are added for 2010-2011.

For 2010-2011, projections indicate that the Planning Fee Program will be at 100% cost recovery with a base estimate of \$2.5 million. The Department does not propose any across-the-board fee increases in the Planning Fee Program in this budget and no additional staffing reductions were necessary to maintain Planning Fee Program cost recovery for 2010-2011.

The Building Fee Program is projected to be at 97.5% cost recovery with projected revenues of \$15.7 million. A portion of the costs (\$204,348) will be provided from the Building Earmarked Reserve and \$236,180 will be borne by the General Fund. A 27% increase in the Development Services Permit Center hourly rate was approved, bringing the hourly rate closer to cost recovery and raising the rate from \$126 per hour to \$160 per hour. Temporary staffing was approved in order to process work coming through a third Plan Review Express Line and an additional Special Tenant Improvement and Industrial Tool Improvement team.

#### **Resource Changes**

In order to improve Permit Center service, the Department was approved to open a third Plan Review Express line in the Permit Center. To open this third line, 4.50 one-time positions were added, including 1.0 Building Inspector, 1.0 Associate Engineer, 0.50 Planner, 1.0 Principal Permit Specialist, and 1.0 Senior Permit Specialist. It is anticipated that this third line will generate an additional \$390,000 in building revenue. In addition, a temporary Planner position was approved to assist with the addressing of buildings and properties. This Planner will help restore a consistent and timely addressing process that has been difficult to maintain with ongoing reductions in this program.

A second Special Tenant Improvements/Industrial Tool Improvements (STI-ITI) line was also approved consisting of five temporary positions: 1.0 Associate Architect, 1.0 Planner, 2.0 Building Inspectors, and 1.0 Senior Permit Specialist. Customers that avail themselves of STI-ITI services are

**Planning, Building and Code Enforcement Department**  
***Community and Economic Development CSA***

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**Core Service: Development Plan Review & Building Construction Inspection**

**Performance and Resource Overview (Cont'd.)**

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**Resource Changes (Cont'd.)**

businesses that desire to expand their facilities, upgrade their manufacturing capabilities, or relocate to San José. These businesses expect the City to provide plan review and permitting services at the “speed of business”. The second STI-ITI line will decrease the wait time to schedule services from three weeks to five working days.

In addition, staffing (1.0 Building Inspector and 1.0 Supervising Building Inspector) was added in response to recent concessions imposed by the City Council with the Association of Building, Mechanical and Electrical Inspectors (ABMEI) with an overall reduction of 5% in total compensation for employees represented by ABMEI. The resulting savings were reinvested into the Building Division’s Inspection Unit to achieve inspection cycle times within 48 hours.

The Planning Fee Program will lose temporary funding that it received in support of a Planner position to help reduce the backlog of partially processed Planning applications. A Planner position, partially funded by Planning Fee revenues and the General Fund, was also eliminated. The savings in Planning fees will be used to fund 0.50 Senior Planner to continue providing environmental clearance services for public and private projects.

**Performance, Efficiency and Service Improvements**

The loss of three Information Technology (IT) positions, combined with reassignment of nearly all of the remaining Development Services technology staff to non-IT work, has reduced departmental technology support to maintaining only essential operations. Progress has all but stopped on any new improvements and upgrades to the Development Services website and the Integrated Development Tracking System (IDTS) permitting system. Initiatives that were in progress to improve services to the Development community, such as the Chess Clock, Development Services website redesign, and Planning Fee restructuring, are on hold until such time when information technology resources can again be retained to focus upon these initiatives.

Due to the dramatic increase in wait times at the Development Service Permit Center, the Department added a temporary Senior Permit Specialist and a temporary Principal Permit Specialist in February 2010 to help minimize wait times. Although the Department has seen a marked improvement in wait times in the Development Services Permit Center since adding these positions, the backlog has now moved to the Plan Review area. Allowing more complex and larger projects to use the express service would relieve the plan review staff of projects that are normally taken in for regular plan review.

While temporary positions were added for the new Express Line, cycle time performance has been adjusted downward for the Building Plan Check and Inspection areas, based on staffing reductions impacting the ability to meet customer needs overall. In addition, the targets for participants

**Planning, Building and Code Enforcement Department**  
***Community and Economic Development CSA***

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**Core Service: Development Plan Review & Building Construction Inspection**

**Performance and Resource Overview (Cont'd.)**

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**Performance, Efficiency and Service Improvements (Cont'd.)**

rating services as “good” or better have been adjusted downwards based on feedback from the annual scientific satisfaction survey, discussed below.

Although the estimated number of planning applications and adjustments is lower than forecasted for 2009-2010, the Department does anticipate a slight upward increase in minor planning applications and planning adjustments for 2010-2011. However, based on the dramatic staffing reductions mentioned previously, and despite the relatively flat activity anticipated in Planning, forecasted cycle time performance for the 2010-2011 Planning Permit process will be reduced from 85% to 65%, and the target for customers rating the service “good” or better is also being reduced from 75% to 65%.

In 2010-2011, the Development Services Partners (Building, Planning, Fire, and Public Works) will be taking steps to further integrate Administrative and Project Management services across the four service areas. While work on this initiative is still preliminary, the Partners hope to consolidate resources with the goal of building a high performing, integrated Administrative Hub and Project Management team, focused on delivery of high quality services, as well as to develop a culture focused on assisting applicants to achieve their goals. This initiative will help to improve service delivery, reduce redundancy and improve effectiveness.

In March 2010, the Partners completed the fourth annual scientific customer satisfaction survey to obtain customer data from the Development Services customer base. This year's data, combined with the baseline data from the last three years of survey data, will be used for performance measures, budgetary decisions, and business process improvements. The Partners plan to continue conducting an annual survey.

The cumulative impact of the three rounds of staffing reductions taken in calendar year 2009 and the ensuing increase in review and inspection cycle times, were evident in the results of the fourth survey. This year's results mark the first time since the baseline year of the study (2006) that customer satisfaction – overall and within the majority of specific service areas – has declined. The findings of study revealed a total of 64 statistically significant decreases and no significant service improvements from 2008 to 2009. Some of the most notable performance area decreases were those relating to the loss of personnel, such as those regarding lengthy office wait times and unreasonable turn-around times for plan review and plan checks.

Despite the alarming decline in satisfaction found in 2009, the majority of customers are generally pleased with the Partners' performance in many areas. The areas where the Partners are currently performing particularly well include accessibility, staff competency and sufficiency, and attitude/culture.

**Planning, Building and Code Enforcement Department**  
***Community and Economic Development CSA***

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**Core Service: Development Plan Review & Building Construction Inspection**

**Performance and Resource Overview (Cont'd.)**

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**Performance, Efficiency and Service Improvements (Cont'd.)**

Overall, 60% of ministerial customers and 70% of discretionary customers indicated that they were satisfied with the service they received during the permit application stage on their most recent project. 71% of ministerial and 60% of discretionary customers indicated that they were satisfied with the overall service they received during the plan review stage. With respect to the project manager who works closely with applicants in the Planning stage, 73% of discretionary customers indicated they were satisfied with the service they received.

More than 85% of discretionary customers agreed that staff represented their project in a fair, professional manner (94%), that they were given adequate information by staff about how the public hearing process would go (88%), and that the appeals process is fair and reasonable (88%).






Overall, 80% of ministerial customers agreed that they were satisfied with the service they received during the inspection stage of the process. Agreement with aspects of the building inspection stage was lower in all twelve areas surveyed with the biggest declines being found in ratings for the efforts made to understand customer needs (87% to 76%), and consistency between inspectors (76% to 68%) and between inspectors and plan check staff (78% to 69%).

As noted earlier, staffing reductions have led to concrete impacts on customer services. The Department believes that adding the third express line in the Development Services Permit Center, termination of the 10% furlough for building inspectors (which was a part of the balancing strategy for 2009-2010), and a continued focus on improvements in customer services, will help to improve the experience of each customer. Staff will continue to research additional avenues to improve efficiency and effectiveness to come closer to cost recovery while improving the customer experience.

**Planning, Building and Code Enforcement Department**  
***Community and Economic Development CSA***

**Core Service: Development Plan Review & Building Construction Inspection**

**Performance and Resource Overview (Cont'd.)**

<b>Development Plan Review &amp; Building Construction Inspection Performance Summary</b>		<b>2008-2009 Actual</b>	<b>2009-2010 Target</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Target</b>
 % of projects that receive thorough, complete and consistent processing in the first cycle of the staff review process:	Planning Permit Process	60%	70%	N/A*	70%
	Building Plan Check Process	92%	90%	N/A*	90%
	Building Inspection Process	89%	90%	N/A*	90%
 Ratio of current year fee revenue to development fee program cost		80.3%	100%	94.6%	100%
 Development projects completed within processing time targets:	Planning Permit Process	80%	85%	60%	65%
	Building Plan Check Process	86%	85%	73%	78%
	Building Inspection Process				
	- within 24 hours	98%	80%	71%	75%
	- within 48 hours	99%	100%	78%	100%
 % of process participants rating service "good" or better	Planning Permit Process	72%	75%	60%	65%
	Building Plan Check Process	82%	80%	71%	76%
	Building Inspection Process	88%	80%	80%	83%
 % of residents surveyed who rate the quality of architecture and landscape design/maintenance in new development in their neighborhood as good or better		72%	75%	TBD**	75%

*Changes to Performance Measures from 2009-2010 Adopted Budget: No*

\* Staffing reductions have reduced capacity for quality control work with supervisors and staff focusing on front line service delivery. See Performance, Efficiency and Service Improvements section for customer survey data on consistent, clear, and understandable comments during project review.

\*\* Survey conducted in the fourth quarter of the fiscal year.

**Planning, Building and Code Enforcement Department**  
**Community and Economic Development CSA**

**Core Service: Development Plan Review & Building Construction Inspection**

**Performance and Resource Overview (Cont'd.)**

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of building permits issued	21,294	21,400	19,845	20,500
Number of customers served in Permit Center	33,894	30,000	27,437	28,000
Number of plan checks	5,141	5,000	4,686	4,800
Number of field inspections	124,969	115,000	89,730	100,000
Number of planning applications - Major	404	575	200	180
- Minor	481	200	395	400
Number of planning adjustments	1,250	1,100	921	1,000

*Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No*

Development Plan Review & Building Construction Inspection Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 20,775,722	\$ 14,738,548	\$ 13,054,593	\$ 14,098,442	(4.3%)
Non-Personal/Equipment	1,362,711	1,651,419	1,307,387	1,502,669	(9.0%)
<b>Total</b>	<b>\$ 22,138,433</b>	<b>\$ 16,389,967</b>	<b>\$ 14,361,980</b>	<b>\$ 15,601,111</b>	<b>(4.8%)</b>
 <b>Authorized Positions</b>	 <b>153.57</b>	 <b>122.02</b>	 <b>95.13</b>	 <b>107.63</b>	 <b>(11.8%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Planning, Building and Code Enforcement Department**  
***Community and Economic Development CSA***

**Core Service: Development Plan Review & Building Construction Inspection**

**Budget Changes By Core Service\*\***

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. Planning, Building and Code Enforcement Department Employee Total Compensation Reduction		(562,710)	(562,710)
2. Planning Fee Program	(0.20)	(9,146)	(9,146)
3. Planning, Building and Code Enforcement Department Management and Professional Employees Total Compensation Reduction		(5,445)	0
4. Vehicle Maintenance Staffing and Contractual Services		(3,140)	(3,140)
5. Building Fee Program	12.70	1,621,150	1,621,150
6. Rebudget: FileNet Upgrade		198,422	198,422
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>12.50</b>	<b>1,239,131</b>	<b>1,244,576</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

Planning, Building and Code Enforcement Department  
*Community and Economic Development CSA*

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Core Service: Long Range Land Use Planning

**Core Service Purpose**

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**D**evelop land use plans and policies to guide the future physical growth of the City.

Key Operational Services:

- |  |  |
|--|--|
| <input type="checkbox"/> <b>City-wide Land Use Planning<br/>(General Plan)</b> | <input type="checkbox"/> <b>Specific/Area Planning</b>       |
| <input type="checkbox"/> <b>Historic Preservation</b>                          | <input type="checkbox"/> <b>Neighborhood Revitalization</b>  |
|  | <input type="checkbox"/> <b>Policy/Ordinance Development</b> |

**Performance and Resource Overview**

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**T**he following are desired outcomes of this core service: a General Plan that is kept relevant and current through the incorporation of approved amendments; a Zoning Code that is clear and current; and land use plans, maps, and documents that are clear, comprehensive, and accessible to customers. This core service contributes to three of the four outcomes of the Community and Economic Development City Service Area: 1) *Strong Economic Base*, 2) *Safe, Healthy, Attractive and Vital Community*, and 3) *Diverse Range of Housing Options*.

**Long Range Land Use Planning**

The City is engaged in several long range planning projects, including the Envision 2040 General Plan Update; implementation of the North San José Vision Strategy; annexations of County pockets; Council-initiated General Plan and policy changes; and historic preservation. In addition, staff is responding to general inquiry telephone and Permit Center services and limited proactive policy and regulatory work to advance the City's adopted Economic Strategy. Each of these activities directly addresses City Council priorities.

Long Range Land Use Planning efforts for 2010-2011 will be reduced in the Historic Preservation Program, where all proactive activity will be halted in response to reduced General Fund and Redevelopment Agency funds. In addition, non-personal/equipment funding will be reduced in the General Plan Update project. Actions for the Long Range and Land Use Planning Core Service include the following:

**Historic Preservation Program**

Elimination of the Proactive Historical Preservation program entails the elimination of 0.50 Planner and 0.50 Senior Planner positions in order to realize General Fund savings. The portion (0.50) of the Planner position supported by the Planning Development Fee Program was approved to be



**Planning, Building and Code Enforcement Department**  
***Community and Economic Development CSA***

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**Core Service: Long Range Land Use Planning**

**Performance and Resource Overview (Cont'd.)**

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**Historic Preservation Program (Cont'd.)**

reallocated to the Senior Planner in order to oversee the Environmental Review process. As such, all public projects requiring environmental clearance will pay service fees. All proactive historic survey work will stop, including assisting residents with the Mills Act tax incentive and work on potential new Historic Landmarks. The Historic Landmarks Commission will meet as required only for input pertaining to fee-funded activities (e.g, Historic Preservation Permits). The portion of the Senior Planner funded by the Redevelopment Agency will be eliminated necessitating the conversion of the 1.0 Senior Planner position to a 0.50 Senior Planner PT.

**General Plan Update**

The last comprehensive update of San José's General Plan was adopted in 1994. Given the significant growth issues facing the City, another comprehensive update is underway to engage the community in preparing a land use vision to direct future growth while preserving the quality of life in neighborhoods. Preliminary work completed in 2006-2007 included identifying stakeholders, beginning community education, and conducting outreach activities. Formal initiation of the General Plan Update process was approved by City Council in June 2007. In August 2007, the Council approved the membership of the Envision San José Task Force of community members to guide the General Plan Update process. With the Council acceptance of the four Land Use Scenarios in June 2009, Phase I of this process was completed and Phase II was initiated. Phase II involved the preliminary analysis of the four Land Use Scenarios, selection of a preferred Land Use Alternative, development of the Envision San José Draft General Plan document and the environmental analysis of this Draft Plan. The effort is expected to conclude in June 2011 with the Council's consideration of the new Plan and its Environmental Impact Report.

To support the General Plan Update, five positions in Planning, Building and Code Enforcement will continue in 2010-2011. In addition, the reduction of \$140,000 in other Department funds was approved. This action will reduce funding allocated for other departmental staff, such as the City Attorney's Office and the Department of Transportation, to assist with the development and implementation of the General Plan process. Given this reduction, departments will have to absorb any necessary related costs.

**Habitat Conservation Plan**

In 2004-2005, the City entered into a multi-year inter-agency cost sharing agreement with the County of Santa Clara, Valley Transportation Authority, Water District and the cities of Gilroy and Morgan Hill to work with the State Department of Fish and Wildlife Service to develop the Santa Clara Valley Habitat Plan (SCVHP)/Natural Community Conservation Plan. Funding in the amount of \$167,595 has been approved for 2010-2011 to continue this effort. A portion of these costs, \$79,340, will be paid through the Environmental Mitigation Earmarked Reserve, while the

**Planning, Building and Code Enforcement Department**  
**Community and Economic Development CSA**

**Core Service: Long Range Land Use Planning**




**Performance and Resource Overview (Cont'd.)**

**Habitat Conservation Plan (Cont'd.)**

remainder will be borne by the General Fund. It is anticipated that this effort will be completed in 2011-2012.

**Diridon Station Area Plan Support**

The Diridon Station Area Plan effort is a unique opportunity to update the land use plan for this area in light of the major new transit investments occurring at this location in terms of BART and High Speed Rail. To support this effort, a temporary Senior Planner (0.70) position was approved, supported by one-time capital funding. This position will be responsible for working with other City departments and the consultants to prepare the Diridon Station Area Plan, conduct public outreach, and coordinate with other Planning activities such as the General Plan Update.

Long Range Land Use Planning Performance Summary	2008-2009 Actual	2009-2010 Target	2009-2010 Estimated	2010-2011 Target
 % of special planning efforts completed within targeted cost:				
Specific/Area Policy Plans:	100%	100%	100%	100%
 % of special planning efforts completed within targeted time:				
Specific/Area Policy Plans:	150%	100%	100%	100%
 % of planning process participants rating service as "good" or "excellent"	50%*	85%	TBD**	85%

*Changes to Performance Measures from 2009-2010 Adopted Budget: No*

\* 6 of 12 GP Update Task Force members rated process "good" or "excellent". The rest rated the process "average".

\*\* Survey for 2009-2010 will be conducted in the fourth quarter of 2009-2010.

Activity & Workload Highlights	2008-2009 Actual	2009-2010 Forecast	2009-2010 Estimated	2010-2011 Forecast
Number of Scheduled/Completed Specific/Area Policy Plans	4 of 4	2 of 2	2 of 2	3 of 3
Number of planning policy studies	2 of 2	0 of 0	0 of 0	0 of 0
Number of General Plan Amendments	23	8	17*	4

*Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: No*

\* 12 General Plan amendments taken in Fall 2009. 5 General Plan amendments scheduled for completion by June 2010.

**Planning, Building and Code Enforcement Department**  
***Community and Economic Development CSA***

**Core Service: Long Range Land Use Planning**

**Performance and Resource Overview (Cont'd.)**

Long Range Land Use Planning Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 2,132,114	\$ 1,920,146	\$ 1,538,139	\$ 1,429,389	(25.6%)
Non-Personal/Equipment	196,107	545,194	351,193	620,728	13.9%
<b>Total</b>	<b>\$ 2,328,221</b>	<b>\$ 2,465,340</b>	<b>\$ 1,889,332</b>	<b>\$ 2,050,117</b>	<b>(16.8%)</b>
<b>Authorized Positions</b>	<b>24.85</b>	<b>18.40</b>	<b>16.20</b>	<b>14.70</b>	<b>(20.1%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Budget Changes By Core Service\*\***

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
1. Planning, Building and Code Enforcement Department Employee Total Compensation Reduction		(17,135)	(17,135)
2. Vehicle Maintenance Staffing and Contractual Services		(560)	(560)
3. Rebudget: Annexation and Sign Code Update		102,500	102,500
4. Special Long Range Planning Efforts	(1.50)	75,980	(29,392)
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>(1.50)</b>	<b>160,785</b>	<b>55,413</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

# Planning, Building and Code Enforcement Department *Community and Economic Development CSA*

## Strategic Support

### Strategic Support Purpose

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**S**trategic Support represents services provided within departments that support and guide the provision of the core services.

#### Key Operational Services:

- |  |  |
|--|--|
| <input type="checkbox"/> <b>Administration</b>     | <input type="checkbox"/> <b>Human Resources</b>        |
| <input type="checkbox"/> <b>Clerical Services</b>  | <input type="checkbox"/> <b>Information Systems</b>    |
| <input type="checkbox"/> <b>Budget Preparation</b> | <input type="checkbox"/> <b>Marketing and Outreach</b> |
| <input type="checkbox"/> <b>Fiscal Services</b>    | <input type="checkbox"/> <b>Safety/Wellness</b>        |

### Performance and Resource Overview

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**T**he desired outcomes for Strategic Support include support for policy development to protect public health, safety and welfare; provision of information and data to the general public; and provision of administrative services to Department and City staff to ensure achievement of the Department's objectives.

#### Administrative Support

The Department of Planning, Building and Code Enforcement's (PBCE) Administrative Services Division serves a Department of over 200 employees experienced in four diverse operational divisions. Under the direction of the Department's Administrative Officer, the Administrative Team currently consists of two Senior Analysts, three Division Analysts, and two Accounting Technicians. In order to continue to provide efficient and effective service to the Department while experiencing significant reductions in 2009-2010, the Administrative Services Division responded by bringing the dispersed Administrative staff to one floor of City Hall and assigning work that was normally assigned across three work groups to one leaner and experienced team. Supply management, accounts receivables, performance reporting, and budgeting are now performed by fewer staff for the entire Department. In addition, cashiering services for the entire Development Fee Program are now performed by the Finance Department, allowing for efficiencies in service.

#### Resource Changes

In November 2009, in response to reduced revenues in the Planning and Building Development Fee Programs, the Administrative Division eliminated one Senior Account Clerk funded primarily by Building Fees, and shifted administrative support activities to the remaining accounting and analytical staff. Overall, the Administrative Division has not seen a reduction in workload, despite fewer Departmental staff to support. Accordingly, the Administrative Division experience

**Planning, Building and Code Enforcement Department**  
***Community and Economic Development CSA***

**Strategic Support**

**Performance and Resource Overview (Cont'd.)**

**Resource Changes (Cont'd.)**

difficulties keeping up with cycle times once development activity picks up and the Departmental staffing levels increase.

<b>Strategic Support Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Strategic Support Budget *</b>					
Personal Services	\$ 1,348,532	\$ 1,215,676	\$ 1,190,524	\$ 1,143,304	(6.0%)
Non-Personal/Equipment	127,876	131,740	131,740	131,740	0.0%
<b>Total</b>	<b>\$ 1,476,408</b>	<b>\$ 1,347,416</b>	<b>\$ 1,322,264</b>	<b>\$ 1,275,044</b>	<b>(5.4%)</b>
<b>Authorized Positions</b>	<b>9.85</b>	<b>8.85</b>	<b>7.94</b>	<b>7.94</b>	<b>(10.3%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

**Strategic Support Budget Changes\*\***

<b>Adopted Strategic Support Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. Planning, Building and Code Enforcement Department Employee Total Compensation Reduction		(47,220)	(47,220)
<b>2010-2011 Adopted Strategic Support Changes Total</b>		<b>(47,220)</b>	<b>(47,220)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

**Public Works Department**  
***Community and Economic Development CSA***

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**Core Service: Regulate/Facilitate Private Development**

**Core Service Purpose**

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**R**eview of private development to ensure that new development contributes to the safety and welfare of the citizens as well as the City's economic development.

**Key Operational Services:**

- |  |   |
|--|---|
| <input type="checkbox"/> <b>Development Application Review</b> | <input type="checkbox"/> <b>Inspection</b>                |
| <input type="checkbox"/> <b>Traffic Reports</b>                | <input type="checkbox"/> <b>Assessment Engineering</b>    |
| <input type="checkbox"/> <b>Grading Permits</b>                | <input type="checkbox"/> <b>Utility Permits</b>           |
| <input type="checkbox"/> <b>Public Improvement Permits</b>     | <input type="checkbox"/> <b>Underground Service Alert</b> |
| <input type="checkbox"/> <b>Subdivision Maps</b>               |   |

**Performance and Resource Overview**

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**T**here are three components to this core service: 1) The Development Fee Program, which involves the Public Works Department's review of private development planning projects, development of the Public Works Department's conditions of approval, and plan review and inspection of public improvements during construction; 2) Assessment Engineering (also known as the Special Districts program), which administers projects funded by municipal financing districts; and 3) the Utility Fee Program, which reviews, approves and inspects work by utility companies and locates City-owned underground facilities. The Development Fee Program Plan Review and Inspection component is funded by cost-recovery fees paid by private developers, the Special Districts program is funded by cost-recovery fees, as well as funding from the City's Tax Roll, and the Utility Fee Program is supported by cost-recovery fees paid by utility companies. The Development and Utility Fee Programs are operated on a 100% cost-recovery basis. Ensuring that the fees established for these programs recover the full cost of providing service is essential to maintaining the Department's ability to match staffing levels to service demand as development activity fluctuates. In turn, the ability to support appropriate staffing levels has proved to be the most important factor for maintaining targeted performance.

The Department continues to work collaboratively with the development industry to adapt its business and service model to one that 1) is more focused on the services necessary for development trends, 2) better relates revenue and workload, so that the organization is more scalable and sustainable, 3) better recovers actual costs necessary to process applications, and 4) is streamlined and able to make quicker decisions earlier in the development process. The goals, or outcomes, of this business model are to:

- Foster partnership with developers in accountability to project schedules.
- Ensure predictability.
- Deliver consistency and early decision making.
- Maintain full recovery of costs of services for the full range of services.

**Public Works Department**  
***Community and Economic Development CSA***

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**Core Service: Regulate/Facilitate Private Development**

**Performance and Resource Overview (Cont'd.)**

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**Development Fee Program**

The downturn in the national economy has continued to take its toll locally on development. The Department is projecting a year-over-year revenue decline in the 20-25% range through the end of 2009-2010 and into 2010-2011. Accordingly, the Public Works Department reduced its overall 2009-2010 fee program revenue estimate from \$5.4 million to \$4.0 million. It is important to note that the \$1.4 million revenue reduction estimate applied only to development fee revenue (\$3.8 million to \$2.4 million). While the utility fee revenue met its original \$1.6 million estimate for 2009-2010, development fee revenue ended the year at \$2.3 million. In 2009-2010, efforts to address this shortfall included the elimination of approximately three vacant positions, redeployment of four positions to capital project work, and holding two positions vacant.

As part of the 2009-2010 budget process, the Department hired a management consultant to conduct a comprehensive business model review and fee study. This effort brought forward a thorough revision of the business model and fee structure to address long standing issues of aligning services with client needs and attaining 100% cost recovery.

The consultant study was completed in July of 2009, culminating in a management report/business model review which recommended several process and organizational changes, as well as a new fee structure to support this new agreed-upon service model. While the report identified approximately 100 service improvement recommendations, a phasing plan was developed with priority improvements targeted for and initiated in 2009-2010. The new fee structure was adopted by the City Council as part of the 2009-2010 Fees and Charges Report, and development fees are now aligned to the cost of providing the relevant service.

For 2010-2011, the Development Fee Program's revenue estimate is \$2.4 million (a 37% reduction from the adopted 2009-2010 estimate). Based on a projected decline in workload, a reduction of 8.08 positions was approved.

The business model and fee study also recommended an annual cost of service analysis and corresponding fee adjustments to ensure full cost-recovery of the program. For 2010-2011, fee adjustments are not recommended since net service costs have remained unchanged and projected revenue is anticipated to recover costs.

**Assessment Engineering**

The Assessment Engineering program (also known as the Special Districts program) administers projects funded by municipal financing districts. Responsibilities of this program include district formation and collecting/accounting for assessment payments. Currently, this group coordinates with the Department of Transportation in managing 12 Community Facilities Districts, 13 Maintenance Assessment Districts, 10 Improvement Districts, the Downtown Property Based Improvement District as well as a Community Benefit Improvement District in Willow Glen. As a result of these newly formed districts, the assessment engineering section is now responsible for an additional \$1.8 million in collections. This program is currently assessing over 14,300 parcels for

**Public Works Department**  
**Community and Economic Development CSA**

**Core Service: Regulate/Facilitate Private Development**

**Performance and Resource Overview (Cont'd.)**

**Assessment Engineering (Cont'd.)**





public right-of-way maintenance, construction, enhancement, and ambassador activities in specific areas of the City.

**Utility Fee Program**

The Utility Fee Program reviews construction plans and issues permits for work performed by utility and telecommunication companies. The Utility Fee Program is also responsible for responding to State-mandated Underground Service Alert (USA) requests and locating City-owned underground facilities prior to any construction activity in the public right-of-way.

Fortunately, the Utility Fee Program has not experienced the revenue challenges encountered in the Development Fee Program and has been consistently collecting its targeted revenue. The Program collected its targeted revenue of \$1.6 million for 2009-2010.

For 2010-2011, the base revenue estimate for the Utility Fee Program is \$1.6 million. Staff performed a thorough review of both its major and minor utility permit cost structures. While its major utility permit cost structure validated the current fee amount, the analysis illustrated a fee to cost of service imbalance for minor utility permits. Therefore, the minor permit fee was increased from \$275 to \$360 per permit. With a revenue increase of \$170,000 and a series of staffing shifts and eliminations generating \$97,000 in savings, the program is anticipated to achieve 100% cost recovery status in 2010-2011.

<b>Regulate/Facilitate Private Development Performance Summary</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Target</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Target</b>
 % of projects that receive thorough, complete, and consistent processing in the first cycle of the review process: Development Review	92%	85%	94%	85%
 Ratio of current year fee revenue to Development Fee Program cost	87%	100%	100%	100%
 Selected cycle time measures for: Improvement plan processing targets met	81%	85%	85%	85%
Planning processing targets met	89%	85%	91%	85%
 % of Development process participants rating service as good or excellent: Development Review	77%	70%	77%	70%

*Changes to Performance Measures from 2009-2010 Adopted Budget: No*



**Public Works Department**  
**Community and Economic Development CSA**

**Core Service: Regulate/Facilitate Private Development**

**Performance and Resource Overview (Cont'd.)**

<b>Activity &amp; Workload Highlights</b>	<b>2008-2009 Actual</b>	<b>2009-2010 Forecast</b>	<b>2009-2010 Estimated</b>	<b>2010-2011 Forecast</b>
Number of feet of utility lines undergrounded	1,200*	16,000	15,800	16,000
Number of underground service alert requests received	20,418	30,000	21,000	25,000
Number of Public Works permit applications	314	N/A	164	300
Value of permitted public improvements	\$19,070,000	N/A	\$4,300,000	\$5,000,000
Value of accepted public improvements	\$18,180,000	N/A	\$59,300,000**	\$6,000,000

*Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget: Yes<sup>1</sup>*

\* Due to project delays, actual undergrounding did not occur until 2009-2010.

\*\* A significant portion of this value is associated with the very large-scale Hitachi development project at Cottle Rd. and Hwy 85.

It should be noted that eight activity and workload highlights were deleted as part of an extensive analysis completed by the Department of Public Works and by the 2009 Art and Practice of Leadership team to ensure performance measures are meaningful, useful, and sustainable.

<sup>1</sup> Changes to Activity & Workload Highlights from 2009-2010 Adopted Budget:

The following Activity & Workload Highlights were deleted because this information is captured as part of the methodology used in calculating one of the Performance Measures listed above:

- × "Fee program revenue"
- × "Fee program costs"
- × "Number of Development Improvement Plans reviewed for consistency and completeness"
- × "Number of major Utility Permit Plans reviewed for consistency and completeness"
- × "Number of Development customers surveys returned"
- × "Number of Development customers surveyed with a rating of good or excellent"
- × "Number of Development service requests received"
- × "Development service requests responded to within pre-established and/or committed turn-around times"
- + "Number of Public Works Permit Applications" was added to capture data as to the overall business volume in this core service.
- + "Value of Permitted Public Improvements" was added to highlight the dollar value of new City infrastructure (streets, sidewalks, traffic signals, sewers) constructed by the development community.
- + "Value of Accepted Public Improvements" was added to highlight the dollar value of new City infrastructure constructed by the development community that has been accepted by the City as part of its asset inventory.

**Public Works Department**  
*Community and Economic Development CSA*

**Core Service: Regulate/Facilitate Private Development**

**Performance and Resource Overview (Cont'd.)**

<b>Regulate/Facilitate Private Development Resource Summary</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Core Service Budget *</b>					
Personal Services	\$ 5,636,188	\$ 4,856,247	\$ 4,958,581	\$ 3,783,859	(22.1%)
Non-Personal/Equipment	489,853	210,595	253,095	385,147	82.9%
<b>Total</b>	<b>\$ 6,126,041</b>	<b>\$ 5,066,842</b>	<b>\$ 5,211,676</b>	<b>\$ 4,169,006</b>	<b>(17.7%)</b>
<b>Authorized Positions</b>	<b>49.13</b>	<b>39.36</b>	<b>36.77</b>	<b>29.03</b>	<b>(26.2%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

**Budget Changes By Core Service\*\***

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. Public Works Development Fee Program	(8.08)	(917,408)	(917,408)
2. Public Works Department Total Employee Compensation Reduction		(171,740)	(171,740)
3. Special Assessment District Funding Reallocation		(18,704)	(18,704)
4. Public Works Utility Fee Program	0.34	65,182	65,182
<b>2010-2011 Adopted Core Service Changes Total</b>	<b>(7.74)</b>	<b>(1,042,670)</b>	<b>(1,042,670)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

**Redevelopment Agency**  
***Community and Economic Development CSA***

**Strategic Support**

**Strategic Support Purpose**

**S**trategic Support represents services provided within the Department that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support at an operational level, those are not presented separately in this document. Instead, the resources are allocated to each core service according to the level of support provided. Similarly, performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery. Strategic Support within the Redevelopment Agency includes:

**Key Operational Services:**

- |   |   |
|---|---|
| <input type="checkbox"/> <b>Finance</b>         | <input type="checkbox"/> <b>Legal Services</b>              |
| <input type="checkbox"/> <b>Marketing</b>       | <input type="checkbox"/> <b>Infrastructure Improvements</b> |
| <input type="checkbox"/> <b>Planning</b>        | <input type="checkbox"/> <b>Administration</b>              |
| <input type="checkbox"/> <b>Land Assemblage</b> | <input type="checkbox"/> <b>Economic Development</b>        |

**Performance and Resource Overview**

Strategic Support Resource Summary	2008-2009 Actual 1	2009-2010 Adopted 2	2010-2011 Forecast 3	2010-2011 Adopted 4	% Change (2 to 4)
<b>Strategic Support Budget *</b>					
Personal Services	\$ 2,025,139	\$ 2,061,797	\$ 1,875,930	\$ 1,706,792	(17.2%)
Non-Personal/Equipment	0	0	0	0	0.0%
<b>Total</b>	<b>\$ 2,025,139</b>	<b>\$ 2,061,797</b>	<b>\$ 1,875,930</b>	<b>\$ 1,706,792</b>	<b>(17.2%)</b>
<b>Authorized Positions</b>	<b>10.00</b>	<b>10.00</b>	<b>8.00</b>	<b>8.00</b>	<b>(20.0%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

**Redevelopment Agency**  
***Community and Economic Development CSA***

**Strategic Support**

**Strategic Support Budget Changes\*\***

<b>Adopted Strategic Support Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
1. Redevelopment Agency Employee Total Compensation Reduction		(125,379)	(125,379)
2. Redevelopment Agency Management and Professional Employees Total Compensation Reduction		(43,759)	(43,759)
<b>2010-2011 Adopted Strategic Support Changes Total</b>		<b>(169,138)</b>	<b>(169,138)</b>

\*\* Detailed information regarding these budget changes can be found in the City Departments section of this document.

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**2010-2011**

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**OPERATING BUDGET**

**COMMUNITY AND  
ECONOMIC  
DEVELOPMENT  
CSA**

**CITY-WIDE**

# Community and Economic Development CSA

## City-Wide Expenses

### Overview

**T**he Community and Economic Development Program provides funding for services related to land use planning, development permitting and code regulation, housing (including affordable housing and homeless services), and economic development.

### Budget Summary

<b>City-Wide Expenses Resource Summary*</b>	<b>2009-2010 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
Community and Economic Development	\$ 30,493,265	\$ 26,656,082	\$ 22,748,275	\$ 24,914,303	(6.5%)
<b>Total</b>	<b>\$ 30,493,265</b>	<b>\$ 26,656,082</b>	<b>\$ 22,748,275</b>	<b>\$ 24,914,303</b>	<b>(6.5%)</b>
<b>Authorized Positions</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>

\* For a complete listing of allocations for the Community and Economic Development Program, please refer to the City-Wide Expenses section of this document.

### Budget Changes By Program\*\*

<b>Adopted Program Changes</b>	<b>Positions</b>	<b>General Fund (\$)</b>
1. Arena Authority		29,456
2. Comprehensive General Plan Update		(140,000)
3. Convention and Visitors Bureau Marketing Program		(277,000)
4. Evergreen Innovation Corridor		10,000
5. Festivals, Parades, and Celebrations		(38,340)
6. History San José		(50,000)
7. San José Museum of Art School		(27,651)
8. Sister Cities Programs		(20,000)
9. SJRA Budget Reduction – Small Business Chambers		(248,542)
10. Sports Authority		(25,577)

# Community and Economic Development CSA

## City-Wide Expenses

### Budget Changes By Program\*\* (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
11. United States Figure Skating Championships		50,000
12. Miscellaneous Rebudgets		2,903,682
<b>2010-2011 Adopted Program Changes Total</b>	<b>0.00</b>	<b>2,166,028</b>

\*\* Detailed information regarding these budget changes can be found in the City-Wide – City-Wide Expenses section of this document.



# Community and Economic Development CSA

## General Fund Capital, Transfers, and Reserves

### Budget Summary

<b>General Fund Capital, Transfers, and Reserves Community &amp; Economic Development CSA Resource Summary*</b>	<b>2008-2009 Actual 1</b>	<b>2009-2010 Adopted 2</b>	<b>2010-2011 Forecast 3</b>	<b>2010-2011 Adopted 4</b>	<b>% Change (2 to 4)</b>
Transfers to Other Funds	\$ 5,810,668	\$ 4,418,245	\$ 7,389,158	\$ 7,508,184	69.9%
Earmarked Reserves	N/A	279,340	200,000	4,039,636	1346.1%
<b>Total</b>	<b>\$ 5,810,668</b>	<b>\$ 4,697,585</b>	<b>\$ 7,589,158</b>	<b>\$ 11,547,820</b>	<b>145.8%</b>
<b>Authorized Positions</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

\* For a complete listing of allocations for the Transfers to Other Funds and Earmarked Reserves Programs for the Community and Economic Development CSA, please refer to the General Fund Capital, Transfers, and Reserves section of this document.

### Budget Changes By Program\*\*

<b>Adopted Program Changes</b>	<b>Positions</b>	<b>General Fund (\$)</b>
1. Transfers to Other Funds: Retiree Healthcare		119,026
2. Earmarked Reserves: Concessions		654,113
3. Earmarked Reserves: Rebudgets		3,185,523
<b>2010-2011 Adopted Program Changes Total</b>	<b>0.00</b>	<b>3,958,662</b>

\*\* Detailed information regarding these budget changes can be found in the City-Wide – General Fund Capital, Transfers, and Reserves section of this document.

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